HC 373

COMMERCE

l. 144 JANUARY 2, 1982 No. 3682

EDITOR: VADILAL DAGLI
ASSOCIATE EDITORS: D. B. MAHATME
SUBHASH CHANDRA SARKER

CONTENTS

COMMENTS

litorials

Textile exports : We are on trial 3
Dialogue at Beijing 4
Why not sugar cess with IDBI? 5
Tea : Small producers unhappy 5

COLUMNS

litor's notebook (Vadilal Dagli) 7
anagement : Educating for management (Manish Nandy) 23
; I see it : Does increased production lead to better nutrition? (Subhash Chandra Sarker) 39
eyond headlines : Mass media and folklore (Sankar Sen Gupta) 52

COVER STORY

dia in world economy : 1982 (Commerce Research Bureau) 8
ECD : Slow road to recovery 11

SPECIAL ARTICLE

scal and economic policy : Long-term perspective (M. S. Patwardhan) 15

SPECIAL REPORTS

FA : Tilted against exporters ; Promoting polyester exports; Textile machinery : Plan to stem slackening demand; Hannover Fair : India as a partner country? ; FPDIL's catalysts for chemical industry: Workshop on joint tendering; Northern region : Raw materials' shortage worsens ; Opportunities for Indo-US trade ; Jaipur Development Authority: A white elephant? 34

FEATURES

ople ; The week 2
etter from Colombo : Threat of recession (Clarence Fernando) 6
ocument : New MFA protocol 20
ooks & ideas : Economics of Regional Development and Planning in Third World Countries (D. M. Mithani); Eurobond market and the Arabs 24

COMPANIES, STOCKS & COMMODITIES

hairmen's speeches: Narmada Cement Company (p. 28); Premier Tyres (p. 30) ; Modipon (p. 32)
orporate sector 43
In the market : Elecon Engineering Co.; Mukand Iron and Steel Works ; Hero Fibres ; Pasupati Spinning & Weaving ; Telangana Paper Mills ; Abbott Laboratories (India) ; Calcutta Flour Mills 43
Forthcoming company meetings 45
Financial analysis of operations of non-financial companies 46
quities: 1981 ends on good note 47
arket gossip : More rice exports ; Cheap rubber imports ; Government loans ; US silver sales suspended ; Groundnut extractions : Fall in exports 48
ommodities 49

STATISTICS

ndian economy : Basic indicators (Commerce Research Bureau) 41

Commerce Publications Ltd, Manek Mahal, 90 Veer Nariman Road, Bombay 400 020. Telephone : 253505, 253562, 253392.

Subscription rates : Inland—Yearly Rs 200 (Students and teachers Rs 115), Half-yearly Rs 115.

Foreign Airmail—Asia and Africa (including South-East Asian and West Asian countries) £ 37, Japan Yen 21,418, UK and Europe £ 46, USSR Rouble 71, United States US $ 117.

New subscription rates for

Commerce S

In view of the steep rise in the costs of paper and production the management of **Commerce** has been forced to revise the subscription rates effective from 1st January 1982. The new rates are :

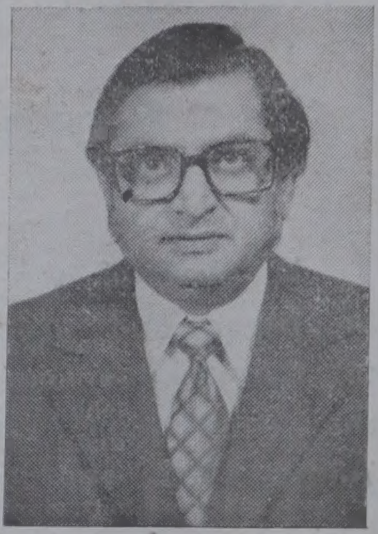
Annual subscription	: Rs 200 instead of Rs 175
Half yearly	: Rs 115 instead of Rs 100
Concessional subscription for students and teachers	: Rs 115 instead of Rs 100

Single copy will now cost Rs 4 instead of Rs 3.50

Foreign air mail subscriptions have accordingly been revised as follows :

Asia and Africa (including South-East Asian and West Asian countries)	: £ 37 instead of £ 35
UK and Europe	: £ 46 instead of £ 44
United States	: $ 117 instead of $ 113
Japan	: Yen 21,418 instead of Yen 20,578
USSR	: Roubles 71 instead of Roubles 68

PEOPLE



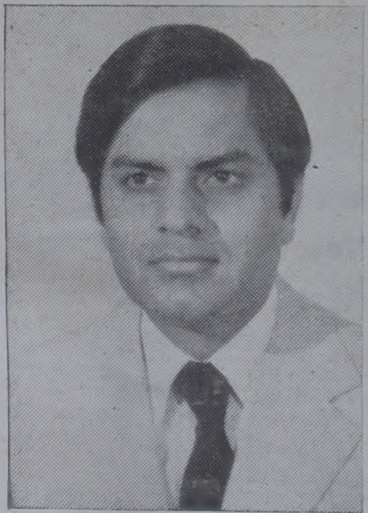
Maganlal

Mr Hareshchandra Maganlal, chairman and managing director of The Raghuvanshi Mills Ltd, has been re-elected chairman of the Millowners' Association, Bombay, for the year 1982. He has been a member of the committee of the association since 1971 and is also on the committee of the Indian Cotton Mills Federation. Mr Manharlal C. Shah has been re-elected deputy chairman of the association. He is the chairman and managing director of The Ruby Mills Ltd.

Gooptu

Mr Shreekant S. Kirloskar has been elected chairman of the Institute of Indian Foundrymen for 1981-82. Mr S. Bharadwaja was elected vice-chairman.

Mrs Aloka Gooptu has taken over as the public relations manager of Indian Oxygen Ltd. An honours graduate from the London School of Economics, Mrs Gooptu started her career as a college lecturer. In 1974 she won the gold medal awarded by the Public Relations Society of India for standing first in their course and joined the company in 1975.



Modi

Mr Bipin R. Shah has been elected chairman of Lipton India Ltd.

Mr T. Taranath Shet has been re-elected chairman of Spices Export Promotion Council for 1981-82.

Mr Satish Kumar Modi has been elected president of the Northern India Cotton Textile Mills Association, New Delhi, for the year 1981-82. Mr Modi is the managing director of Modi Cloth Mills and Modi Thread Mills and the president of Modi Carpets.

Mr H. M. Trivedi, former Union Minister for Shipping and Transport, died in Bombay last Sunday following brief illness. The 67-year old Mr Trivedi studied in Ahmedabad and the UK and was called to the bar at Inner Temple after he finished his studies. He joined Bombay Steam Navigation Co in 1939 and later Scindias. He represented India at many national and international conferences on shipping and allied subjects. He was also a member of the Bombay Port Trust for many years. In 1972 he was elected to Rajya Sabha and two years later joined the Union Government as minister for shipping and transport.

THE WEEK

Bank of Baroda and Indian Overseas Bank ha finalised financial packages for Eurocurrency loans f two more hotels which are to come up by Novemb 1982 for the Asiad in Delhi.

The Soviet Union will give a credit of 300 milli roubles (Rs 300 crores) for the proposed super therm power project of the National Thermal Power Corp ration at Waidhan in Madhya Pradesh.

The Planning Commission has cut fund allocati to the railways for 1982-83. Against their demand Rs 1,300 crores, the commission has approved o Rs 550 crores for the railway development plan in forthcoming year.

The MRTP and FERA drug companies will barred from the scheme which allows five per ce automatic annual growth for all their products. Th will not be permitted automatic growth in items whi are reserved for the public sector and in those form lations which do not involve high technology.

Indian Hospitals Corporation, India's first h pital project to be conceived as a public limited co pany, will make a public issue to raise funds for project in May-June 1982.

The World Bank has approved a $ 300 milli loan to help finance expansion of the Ramagund thermal power station in India. The loan is for years with an annual interest rate of 11.6 per cent.

Work on the Nhava Sheva port project is to co mence by the end of 1982 and the scheme has be included in the Sixth Plan, the Shipping and Transp Minister, Mr Veerendra Patil announced in the Ra Sabha.

The Cotton Textiles Export Promotion Coun has succeeded in getting higher prices ranging fr 10 to 16 per cent for the sale of processed cotton fa rics to the Soviet Union.

The State Bank of India has become the fi commercial bank in India to obtain a series of li of credit from Exim banks in the UK, Japan and W Germany to provide foreign currency loans to ind trial units in India.

Wholesale price index

At 276.9 the latest available wholesale price dex for the week ended December 12, 1981 showed fall of 0.3 per cent over the preceding week. Howev at this level the index showed a rise of 7.8 per ce over the year.

Money tight

Conditions in the Bombay short term mon market were tight as of Monday (December 28, 198 In the inter bank call money section both notified a commercial funds were renewed at ten per ce Fresh money was transacted at ten per cent. T market closed at ten per cent.

COMMERCE

Textile exports: We are on trial

HE developing countries must take some comfort from the fact that the new Multi-Fibre Arrangement (MFA), h will be in operation till July 1986 from the beginning of 2, has not turned out to be as harsh as it was once feared. arrangement regulates an estimated $100-billion annual e in textiles and clothing of the 51 nations belonging to the A, and the EEC had taken a tough stand over its renewal er the pressure of the hard line group led by France, Italy Britain which wanted further restrictions on the growth of orts from the so-called low-cost developing countries. The rnments of these countries were under pressure from their le industries which put all the blame on imports from the loping countries, though this had been controverted by developing countries, and even some impartial international es, for their shrinkage. It was being persistently pointed that the workforce in the EEC textile industries even during the last seven years had dropped from 3.1 million in 1973 .4 million in 1980 and that the amount spent on clothing in these countries was also falling. Whereas the share of sehold spending accounted for by clothing within the comity was around eight per cent in 1970, this had fallen to 6.5 cent by 1978. The United States, too, which was less rigid the EEC when the talks opened in September, had taken lenly a restrictive stand under direct instructions from ident Reagan, who reportedly was under pressure from on growing southern states. With the developing countries ed and determined not to bow down to all the demands e by the EEC and the US, there was some doubt whether MFA would be renewed. But as the leader of their tiating team, Mr Felipe Jaramillo, said it was better ave some agreement than to have none at all. It would ar that India showed considerable initiative when an ime in the negotiations was threatened and its efforts leading he successful conclusion of the negotiations brought it plaudits from the Director-General of GATT and leaders e EEC and the US teams.

The signing of the protocol on December 24, extending MFA by four years and seven months, marks only the stage in the negotiations. The EEC, which is the biggest ket for textile exports of the developing countries, has to tiate some 28 bilateral agreements, and it is likely that negotiations themselves will also prove as tough as the wal of MFA. Within the group of the developing coun- opinions are bound to differ on as to whether the new A is more or less restrictive than the 1977 agreement. That ngement provided for a six per cent growth in exports but subsequent "reasonable departures" clause was abused by importing countries to put all sorts of restrictions on ex- from the developing countries with the result that the six cent growth provision was nearly wiped out. Under the MFA growth rates of much less than six per cent are likely but the fact that the "reasonable departures" clause has been now dropped is a clear victory for the united stand that the developing countries took over this provision not finding a mention in any future arrangement. Hongkong, South Korea, Taiwan and Macao, which have been identified by the EEC and the US as predominant exporters of all textile products in all the three fibres covered in the arrangement—cotton, synthetics and woollen—also face the possibility of a cut-back in their quotas. These countries have agreed to "finding and contributing to mutually acceptable solutions" to problems created for the importing countries, if any. Market disruption will now, under the new protocol, have to be proved by importing countries by specific factual information but then the possibility of the four predominant suppliers facing a cut-back in their quotas cannot be ruled out.

The Indian participants are apparently satisfied with the outcome of the negotiations not because the protocol safeguards all the interests of the developing countries but because no better agreement could have been possible in the climate of protectionism that is sweeping over the industrialised countries. For India, there have been some gains, perhaps the most important of which is the recognition in the MFA that exports of cotton textiles from cotton-producing exporting countries should be given special consideration. The agreement says that, where restraints are applied, more favourable treatment should be given to these countries in terms of quotas, growth rates and flexibility in view of the importance of such trade to these countries. Whether this provision will be given a fair trial by the importing countries remains to be seen.

India should also consider itself fortunate that the view of the hard line European countries that 1980 should be taken as the base year because trade in textiles was then depressed and the amount of imports entering into Europe was relatively low did not prevail. The view was also once canvassed that actual exports by individual countries should be the basis for new quotas. If this had been accepted India would have been in a difficult situation. Consistently it has failed to meet the full quota either in cotton fabrics or yarn or bed linen or other items. In 1980, for instance, the fulfilment of exports to the EEC in cotton yarn was only 28 per cent and that in cotton fabrics 71 per cent. Recently the outgoing chairman of the Cotton Textiles Export Promotion Council, Mr Sudhir K. Thackersey, had pointed out that, in the first nine months of January to September 1981, we had fulfilled only 25 per cent of the quota in fabrics to the EEC and only 13 per cent of the quota to the USA. It has now been agreed that the 1981 quota level will be the base. Even in regard to the anti-surge mechanism which the EEC wanted to enforce for reducing quotas of those countries consistently failing to fulfil their quotas, this has now been completely watered down. Para 10 of the Conclusions of The Textiles Committee, which forms part of the protocol, provides that, in case some significant difficulties are caused to the importing countries by the consistent under-utilisation of quotas by the exporting countries, a mutually satisfactory solution of the difficulties will have to be arrived. Further, such a solution will provide for equitable and quantifiable compensation to the exporting participants, and the importing country in no case can take unilateral action. This, however, should not be interpreted as a licence to us to consistently fail to ship our full quota but as a warning to us that some action, though not unilateral, is possible if we fail to meet our quotas though the fear on the eve of the MFA renewal that we shall have to pay the cost of under-utilisation of quotas has been dispelled.

The new MFA also allows importing countries to reduce flexibility, which provided for carry-forward and carry-over and inter-changing of categories, and India herself might come under pressure from the EEC to accept zero flexibility in the case of certain items. But it is also provided in the arrangement that restraints on exports from small suppliers and new entrants will normally be avoided and for this purpose shares in imports of textiles and those in clothing will be considered separately. Under the arrangement it is possible that if India is asked to accept zero flexibility in the case of one two items, some compensation will be provided to it in iten where it is a small supplier.

All this implies that we are on trial as far as textile e ports are concerned. We must ensure that quotas are fulfill and, if opportunities are opened to us because of favourab treatment being given to cotton producing exporting countrie we must be in a position to seize them. In his annual addre to the Cotton Textiles Export Promotion Council, Thackersey, had drawn the attention of the industry and go ernment to the need for setting up some export-oriented te tile units or export-oriented extensions of existing units a modernisation of the textile industry in general. He had al pointed out that, in the markets of West Europe and Americ since the supply coming both from the indigenous industry a abroad was of a very high standard the buyers of these ma kets first turned to our competitors who were capable matching these standards. If and when they turn to us their requirements they offer for our products of identi specifications a price which is lower than that offered to c competitors for goods manufactured on sophisticated machin The challenge of textile exports and the new MFA has to be m

Dialogue at Beijing

THE resumption of a systemative and serious dialogue between the officials of the governments of India and China to sort out the boundary problem and find agreement on other areas of mutual cooperation is a welcome development. Unfortunately, the long standing differences between the two countries have become so much entangled as to make any advance in the process of understanding and mutual agreement exceedingly difficult. It was only in the context of the awareness of such difficulties that the recent talks between the officials of the two governments held at Beijing could be described as a positive step, although they had failed to yield any programme of immediate action. That both the governments, being aware of the difficulties, are at the same time interested in finding a way out provides a silver lining in an otherwise gloomy situation. Discussions were held in Beijing for five days from December 10 to December 14 concerning, apart from the boundary problem, trade and economic cooperation, cultural exchange and cooperation in science and technology. Various members of the Indian delegation also met senior officials of the concerned ministries of China and visited a number of institutions. The Indian officials also had a meeting with the Chinese Vice-Premier and Foreign Minister, Mr Huang Hua. In a statement in the Indian Parliament, the Indian External Affairs Minister, Mr P. V. Narasimha Rao, reported that there were fairly wide differences still persisting between India and China on the border dispute, even after the talks in Beijing. However, both the sides agreed to continue the talks in an effort to resolve the tangle. Mr Rao expressed the hope that talks could result in a better understanding of each other's position. No date for the next round of talks has so far been announced.

Meanwhile economic relations between the two countries have been growing at a snail's pace. Agreement was reached recently on the Chinese purchase of one million tonnes of iron ore per annum on a long-term basis. An Indian dele tion is due to go to China in January to discuss various pects of the deal, particularly with regard to pricing and sh ment. The Chinese are apparently happy about the qua of the Indian iron ore and the available shipping facil China had been buying iron ore from Brazil and the est lishment of a source of supply, nearer home, in India evidently of considerable advantage to that country. At same time the deal is also beneficial to India as the iron industry has faced a fall in overseas demand. The resur tion of the border trade along the Tibet region of the Inc China border could do some good to the economy of areas on the Indian side of the border where the border tr was traditional for many years until a little over two deca ago.

The question of the settlement of international trade putes was the subject of discussion at a meeting in New D on December 26 between the Indian Council of Arbitra and representatives of the China Council for the Promo of International Trade. Agreement was reached on sev aspects pertaining to arbitration in foreign trade such as tion of the venue of arbitration and on the employmen objective criteria for settling disputes. The Chinese were terested in getting an idea of the experience of India in settlement of disputes among the joint venture partners, s of laws, regulation and institutional arrangements relate direct investment in India by foreign private parties and ernments, acquisition of technology from foreign sources to see some of the joint ventures at work in India.

China has been vigorously pursuing its objective of moting foreign investment within the country and the ex sion of foreign trade. Among recent measures have bee setting up of a new bank (China Investment Bank) specia ollecting foreign funds, conclusion of a Rs 13.60-crore 0,000 million yen) loan from Japan to help resume two ended projects—a steel mill at Bao-Shan and a petro- mical plant at Daqing in northeast China and the adoption the National People's Congress of an income-tax law for foreign companies operating in China. China also plans to designate Canton, Zhanjiang and other major cities in Guangdong province as special zones for foreign investment. The zones would have the power to approve contracts with foreign businessmen up to a value of Rs 2.75 crores ($ 3 million).

Vhy not sugar cess with IDBI ?

HE recent decision of the Union Government to impose a cess—by way of excise—of rupees five per quintal on entire sugar produced in the country to help generate ade- ate funds for the rehabilitation and modernisation of the gar industry should be welcomed but with some reservations. e funds thus generated could also be utilised for the devel- ment of sugarcane and research and development in the dustry. The stated objectives as such are laudable. But the illion-dollar question one would like to ask is : Were such nds generated in the past utilised for the purpose for which ey were created? This has at least not been the experience ith the sugarcane cess and the rubber cess that are being ised over the years for the improvement of production and oductivity of the two. What then is the guarantee that the mmittee of the Central Government officials, set up for the ecution of the funds collected by way of cess, would be able secure the employment of the fund for the stated purposes? n the likely sugar production of 65 to 70 lakh tonnes in e current sugar season (October 1981—September 1982) the overnment could expect to collect Rs 32.50 crores to Rs 35 ores by way of cess. Proceeds of the cess, to be borne by the onsumers, would be credited to the proposed sugar develop- ent fund.

According to the latest available data, at the end of March 980 as many as 48 sugar units were reported sick and bank redit locked up in them amounted to nearly Rs 104 crores, accounting for about 8.5 per cent of the total outstandings to sick units. Besides, plant and machinery in many old sugar factories established many years ago have almost outlived their normal span of life. Then there is the problem of many sugar factories having a crushing capacity of 1,250 tonnes a day, which is economically not viable. It is here that the proposed fund can help replace the old and worn-out machinery as also in the expansion of smaller units, provided the effective management of the fund is ensured. Inadequate as they are, internal resources cannot by themselves meet the needs of the gigantic task of rehabilitation and modernisation. *Commerce* would, therefore, like to suggest that not an official committee of the Union Government as proposed but the IDBI should be entrusted with handling the expected funds for modernisation and rehabilitation at the concessional rate of interest of 7.5 per cent per annum. It may be recalled that under the soft loan scheme 16 sugar units were extended the assistance of Rs 24 crores at the end of June 1981. In 1981 it was decided that the facility of loans for modernisation programmes under the soft loan scheme would not be confined to five industries (sugar, textiles, cement, jute and engineering) but would be extended to all industries, of course at the normal rate of interest. However, this may cast a heavy burden of interest on the already sick units. The fresh imposition of cess on sugar consumers could be justified only when its proper utilisation is ensured so as to help the development of sugar industry in the long run.

Tea : Small producers unhappy

THE recommendations of the Committee on Tea Auction that the system has on the whole been working well and hat no changes are called for has reportedly made the small roducers and brokers unhappy. They have been complaining bout collusion among the agents of multinationals who have een buying 80 per cent of tea offered at the auctions for a ong time and the collusion, clearly meant to depress prices, is ided by the lot system which permits division of tea above certain quantity among a number of buyers. Ostensibly neant to help the small producer in the disposal of his tea, he above practice, it is alleged, has encouraged conspiracies o keep prices down through collusive action. What justifi- ation there is in the complaint is difficult to say. There is lready a committee on small tea growers which has yet to ubmit its report and until then there is unlikely to be any learer suggestion or discussion on how the system needs to e changed to suit small growers' interests. One method night be to encourage greater sale of lots but then that is what he committee on tea auctions would rather like to discourage, or it would encourage irresponsible behaviour on the part of certain producers. Once a lot of tea has been sampled and catalogued it should not be generally allowed to be withdrawn unless there are compelling reasons for doing so. Also the existing lot system may not necessarily imply collusion. For most of the buyers it may be a convenient way of buying tea since large purchases may not be possible for individual buyers in all cases. The question is a very tangled one, and a dispassionate study of all aspects of the issue is called for before New Delhi takes a decision.

Meanwhile, the question of producing tea in line with the Sixth Plan target has come to the fore with output falling sharply during the current year. The Sixth Plan production target for tea is 705 million kg but there does not seem to be much chance of the industry attaining it by 1984-85. Far from increasing by a steady 25 million kg per year, the crop over the past two years of the plan increased at an uneven rate. Actually, during 1981, there is a fairly sharp drop of 15 million kg taking the crop down to 555 million kg. Going up from this level to one of 705 million kg by 1984-85 will be an almost impossible task.

LETTER FROM COLOMBO

Threat of recession

CLARENCE FERNANDO

PRESENTING Sri Lanka's 1982 calendar budget last November Sri Lanka's Finance and Planning Minister, Ronnie de Mel warned Parliament that the budgetary situation was "most unsatisfactory". "We cannot allow it to continue. If expenditure continues to increase far beyond our resources like this, there would soon be unmanageable inflation and unsustainable deficits in our balance of payments which would jeopardise the chances of achieving the Government's objectives within the framework of a free and liberal economy", he said.

The Minister gave the following breakdown: projected government revenue—Rs 19.3 billion; projected expenditure—Rs 41.8 billion; recurrent expenditure—Rs 21 billion; capital expenditure—Rs 20.8 billion; overall deficit less provision for under-expenditure on recurrent expenditure and capital expenditure—Rs 21.1 billion.

Mr de Mel said that the resources available to finance the deficit are foreign financing of Rs 14.1 billion and Rs 4 billion from domestic non-bank sector. That leaves an unfinanced gap yet of Rs 2.9 billion. This was only two per cent of the projected gross domestic product for 1982 and was a remarkable improvement over the last two years, he said, adding that it was necessary to keep a strict control of expenditure during 1982 to keep within those limits.

In the wake of the 1982 budget, leading Sri Lankan economists forecast both recession and inflation over the next twelve months—recession, because the already over-heated economy will have to be trimmed to stay within available resources and inflation, because the unfinanced gap in the budget will have to be met by bank borrowing.

The recession will be most marked, in their opinion, in public housing and construction with housing projects grinding to a halt for lack of cash and unforeseen cost over-runs. Private housing and construction too will be constrained by high local prices, rising costs of building materials and poor prospects for returns on housing stock and office blocks.

Economists also forecast that the recession will sweep across the whole range of import trading as consumer buying falls away imperilling the trading activities of the large public corporations like the co-operative wholesale establishment, the State Trading Corporation, the Building Materials Corporation and the co-operative network.

The recession will also sweep across the plantation sector—tea and rubber—which forms the backbone of the country's economy because of the unfavourable prices in the international markets. This will be aggravated by the appalling state of the estate sector under the two state agencies.

The domestic agricultural sector, rice, subsidiary crops and coconut will be less severely affected although threatened by a drought in the first half of the year.

An imponderable is the impact of high fertiliser prices on the two rice crops. But for the first time in over 230 years Sri Lanka hopes to be self-sufficient in rice, the country's staple food in 1982, producing her annual requirements of 1.5 million tonnes in 1982. In fact for the first time in 30 years Sri Lanka will not be buying any rice from China in 1982 under the rubber-rice barter agreement which has been in operation since 1952.

The domestic industrial sector already in difficulties because of the "open policy" which the United National Party Government of President Junius Jayewardene started in 1977 after it came to power, will just about tick over as the new duty system imposed in the 1982 budget begins to take effect. Under the new scheme a turnover tax is imposed on most imports. This is in addition to the customs duty. However, where an imported item is used in the manufacture of goods or commodities, the turnover tax paid on the imported item is deducted from the turnover tax payable by the manufacturer. Similarly where a locally manufactured component is used in the manufacture of another item, the turnover tax paid on the component is deducted from the tax payable by the final manufacturer. In other words, the tax levied on the manufacturer is only on the value added.

This new system, the Finance Min ter says, is more equitable and provid a certain degree of relief to the loc manufacturer. Further relief to the loc manufacturer has been given by a redu tion of customs duty on machinery a essential raw materials used in indust from the 12½ per cent to 5 per cent. T tax is only on three basic rates of tw five and ten per cent. The two per ce rebate applies to agricultural inpu building materials, food items (oth than infant milk foods which are free tax), fishing boats and nets, handloo and pure cotton textiles, petroleum a petroleum products, and pharmaceutica including ayurvedic preparations.

The services sector will continue show spectacular growth notably in ban ing and finance, tourism and migran remittances from West Asia. The fr trade zone will slow down as foreign i vestors ponder as to what will happen the next general and presidential ele tions due in 1983 and 1984 respective although the United National Par (UNP) is strongly tipped to win then both because of a hopelessly divide opposition and because the main oppos tion party, the Sri Lanka Freedom Par of former Prime Minister, Mrs Sirimav Bandaranaike, the only party which ca pose a challenge to the ruling UNP, now split right down middle.

The Mahaveli river basin project o which the country banks heavily to r build its economy and is estimated t cost about 2.5 billion US dollars wi trundle along at a lower level of progres than has hitherto been the case and i threatened by cost escalations which can not be met either by aid or foreign commercial borrowing.

The greatest menace will be inflation which top ranking non-governmen economists expect to be in the regio of 40 to 42 per cent. These same sources estimate a devaluation of the Sr Lankan rupee of the order of 22 to 24 pe cent over the next 22 to 24 months an an overall growth of not more than 2. per cent in 1982.

"Not the best scenario to fight th general election in 1982", a leading non government economist said.

EDITOR'S NOTEBOOK

Vadilal Dagli

THE year 1981 which has just ended witnessed deceleration in the rate of flation and substantial increase in industrial output. Agricultural output also creased. But the year also witnessed ifficulties in cotton textiles, jute and a industries. There has been some derease in the rate of growth of the averge annual price level. Prices are likely o go up by about ten per cent in 1981-2 as against 18 per cent in 1980-81 and 7 per cent in 1979-80. We need not be, owever, complacent. There is no slowown in the rate of growth of money upply. While it is too early to comnent on how the economy will behave n the new year 1982, dependent as it is n the vagaries of the monsoon, one hing is certain that the current rate of noney supply expansion does not augur well for the future course of prices. And nce price situation deteriorates, all our lans go awry. The balance of payments osition is none-too-happy. There was n overall balance of payments deficit of Rs 1,200 crores in 1980-81 as against a small surplus of Rs 370 crores last year. IMF loan has, however, insured 1982.

Despite the improvement in the economic climate there is an air of anxiety in the country about the future of the economy. The emergence of Mafia labour leaders who have almost paralysed the city of Bombay is an ominous development. There is also the fear of war. International situation and particularly our relations with Pakistan have added yet another factor of uncertainty. The question that is being asked is not about the economy but: Will there be a war? It is not in the interests of the United States and certainly not of Pakistan to create a situation which may disturb political balance in South Asia. For Pakistan it may as well be a national suicide. Having said this, one would like to emphasise the point that Indian economy is slowly coming out of the tunnel. During 1981, industrial production recorded a growth rate of 10 per cent which was the highest for the past 20 years. Infrastructure facilities including movement of coal have improved. If monsoon in 1982 is reasonably good, improvement in power generation might also continue. Agricultural output which also registered a rise of 3 to 4 per cent may continue the same trend. The Government seems to have become more energetic to improve the output of cereals, pulses and oilseeds. Investment in irrigation in the seventies might start yielding results. So the situation in 1982 may not worsen, if not actually improve to some extent.

★

PERHAPS the greatest casualty of military rule in Poland is the re-emergence of fear in the public life of the country. In communist countries, citizens are scared of the secret service and the army. They are supposed to work or go on vacation but not try to be inquisitive. If Brezhnev lives in a style which should be the envy of an American millionaire, Russian citizens are not supposed to discuss it, let alone enquire about it. In Poland, for the past two years or so people discussed the activities of corrupt communist leaders. There was a feeling of spiritual liberation. People talked, press did not write lies, radio and television broadcast the views which were different from the ruling communist party. But now police cars, trucks, water cannons, tear gas shells, automatic rifles and machine guns and menacing tanks have changed the atmosphere.

Now there is a fear of the knock at the door at midnight. People do not open the door in a normal manner. They open slightly—just a crack—to find out who it is. They play the radio loudly while talking to friends and sometimes the fast running water submerges the voice of the human beings so that no one can hear what they are talking. Polish citizens used to meet foreigners freely. This was quite unsual in a communist country where a citizen is not supposed to meet a foreigner. A Pole now tells his foreign friend: "I can't see you. You probably do not know that I was detained. I just got out of prison. I am sure you are being observed." One morning, police officers went to an apartment of a Polish journalist. The policemen insisted that he should sign a document saying that he would not act "in a manner to oppose socialism in Poland." He resisted. The policemen kicked him and dragged him down the stairs. He was lying there half conscious. The policemen said: "Don't worry. We will be back tomorrow for you to sign it." It is such incidents which have made people afraid of their own shadows. The Poles were supposed to be recklessly brave but they also seem to be breaking up.

★

THE two-day Marathi Sahitya Sammelan which was held in Bombay in the third week of December indicated the unpopularity of rulers among the writers and intellectuals. In fact this sammelan was so effective that the Chief Minister of Maharashtra, the Chief Minister of Madhya Pradesh and the Union Minister for Information and Broadcasting, all did not attend the Raipur Marathi Literary Conference which would otherwise have been dominated by them. The veteran Marathi writer, Mrs Malatibai Bedekar, who presided over the rebel Bombay conference, set the tone when she warned against the growing servility among the intellectuals to those in authority. Mr Prabhakar Padhye who chaired the session on government and literature, raised an important point when he said that Mrs Gandhi recognised the independence of the army and she did not interfere with it. Why then should the government be permitted to treat literature as a helpless creature? he asked.

In her presidential address, Mrs Bedekar admitted that there was some truth in ministers' contention that writers themselves constantly approached them for favours. Whatever may be the position the fact remained that government interference in literature had been growing. The presence of as many as three ministers at the Raipur conference, she said, would obviously reduce the importance of the president of the conference. In the past, Mr Laxman Shastri Joshi had been relegated to the background when Jawarharlal Nehru was present and the same thing happened when Mr Y. B. Chavan attended the Marathi literary conference over which Miss Durga Bhagwat presided. The media also gives the coverage to ministers. I remember that a few years ago when the Gujarati literary conference was held in Madras, the Governor of Tamil Nadu who happened to be a Gujarati, participated. The president of the conference, the well-known poet, Mr J. R. Desai, just did not exist as far as news agencies and radio were concerned. They gave the coverage to the speech of the Governor but ignored the president of the conference. So when writers hobnob with ministers and governors, something spiritual diminishes from their existence.

COVER STORY

India in world economy: 1982

By Commerce Research Bureau

DURING the year 1981 that has just ended the Indian economy presented a mixed picture. The rate of overall economic growth was likely to be about four per cent during 1981-82 as against that of seven per cent in the preceding year. Price situation has improved somewhat in that there may be some deceleration in the rate of growth of average price level. Prices are likely to go up by about ten per cent in 1981-82 as against 18 per cent in 1980-81 and 17 per cent in 1979-80. It is in this context that although this should be regarded a welcome development, it should not provide any complacency. Even after marginal slowdown in the rate of growth of money supply, there is not going to be any narrowing-down in the gap between the growth of real national income and that of money supply as witnessed in 1980-81.

While it is too early to comment on how the economy will behave in the new year 1982, dependent as it is on the vagaries of the monsoon, one thing is certain that the substantially higher rate of money supply expansion, in relation to real national income, does not augur well for the price stability in 1982-83. And once price situation deteriorates, all our plans go awry. The balance of payments position is none-too-happy. There was an overall balance of payments deficit of Rs 1,200 crores in 1980-81 as against a small surplus of Rs 370 crores last year. Commenting on the external payments crisis the RBI *Report on Currency and Finance*: 1980-81, released last month, notes: "The overall balance of payments deficit in the fiscal year 1981-82 would exceed that of the previous year". Foreign exchange reserves (excluding gold coins and bullion) are at a rock-bottom. No doubt, the recently concluded massive IMF loan of 5,000 million SDRs will provide temporary respite to the deteriorating external payments position.

The only welcome development in this otherwise gloomy picture is that Indian industries have given a good account of themselves. During 1981 industrial production is likely to record a creditable growth of at least ten per cent—one of the highest in last 30 years. Industrial growth of this order is all the more significant in view of the fact that after 1960 in no year our industrial production has recorded a growth rate of double digit.

Infrastructure facilities, including movement of coal on railways, has improved. If the south-west monsoon of 1982 behaves properly, improvement in power generation may also continue. However, the labour front does not present a rosy picture. The country is facing a nation-wide strike of industrial workers on January 19. This may well turn out to be a beginning of the struggle of the labour. Labour leaders describe 1981 as the year of oppression of working classes and forecast 1982 a year of confrontation. There is a general feeling that the prospects for industrial grow in 1982 may be marred by the resti labour.

Some of the key indicators of th Indian Economy are given in Table Broad sectorwise details are given below

Agriculture

Late September rains not only save kharif crops, they also helped brighte the rabi prospects by improving the sub soil moisture. According to the estimat made by the *Commerce Researc Bureau* (*CRB*), kharif foodgrains pro duction during 1981-82, although f short of the target of 83 million tonne was likely to be higher at 79 million to nes as against 77 million tonnes last yea Rabi foodgrains production was estima ed to be about 56 million tonnes—high than the target of 55 million tonnes a also the actual production of 53 millio tonnes in 1980-81. Taken together, food grains production may turn out to b about 135 million tonnes. This woul be higher than that of 130 million tonne last year but lower than the target of 1 million tonnes for 1981-82. Our estimat of overall agricultural production in 198 82 are given in Table 2.

Table 2: Estimates of agricultural productio 1981-82

(Index with base trienniu ending 1969-70=100)

	1980-81	1981-82
Food crops	137.2 (18.4)	142.6 (3.9)
Non-food crops	128.2 (5.0)	134.6 (5.0)
All crops	134.3 (13.9)	140.0 (4.2)

Figures in brackets indicate percentage variatio over the preceding year.

On an average, the offtake from th public distribution system was more tha one million tonnes during recent month Foodgrains stocks at the end of Jun 1981 had reached a low of 13.6 millio tonnes as against about 16 million ton nes a year ago. Realising the shortag of foodgrains, the Government of Indi decided to import 15 lakh tonnes wheat from the United States and 7. lakh tonnes from Australia. Thus, fo the first time after five years, the natio had to resort to the import of foodgrain Following the shortage of wheat, th

Table 1: Indian economy: Key indicators

Percentage variation over the preceding year)

	1977-78	1978-79	1979-80	1980-81	Annual growth rate (%) between 1975-76 and 1980-81	1981-82 (CRB estimates)
Real national income						
(i) Aggregate	8.6	4.1	—5.0	7.0	3.4	4.0
(ii) Per capita	6.3	2.1	—6.8	5.0	1.4	2.0
Agricultural production	14.4	3.5	—15.5	13.9	1.4	4.2
Industrial production	3.3	7.6	—1.4	4.2	4.6	10.0
Electricity generation	4.4	12.0	2.1	5.7	7.1	12.0
Money supply (M 3) (a)	20.6	21.2	17.3	18.0	19.9	15.0
Wholesale prices (average)	5.2	—	17.1	17.9	8.2	10.0
Imports	18.7	13.1	32.4	36.7	18.4	4.0(b)
Exports	5.1	6.0	12.8	3.8	10.6	14.0(b)

(a) Year-end data
b) During April-October 1981

COVER STORY

vernment also stopped releasing any ntity for the National Rural Employnt Programme. As a result, during 1-82 only 14 million mandays of ployment was expected to be genera- as against 326 million mandays in 80-81 and 582 million mandays in 79-80. Foodgrain stocks as on Novemr 1, were as low as 9.9 million tonnes the lowest level of stocks in the last years on the same date. However, th the rice procurement progressing ell in the current marketing season so r (nearly five million tonnes up to ecember 25, 1981 as against four milon tonnes in the corresponding period st year), the stocks have risen to 12 illion tonnes.

ndustry

Official data on industrial production re available only up to September. Hower, according to the estimates made by CRB, during the first seven months April-October) of 1981-82, industrial production increased by 9.7 per cent over hat in the corresponding period of 1980-81. Our estimate is that if the present rends continue, industrial production luring the current financial year would go up by at least 10 per cent. This represents a sharp recovery as compared with a moderate rise of 4.2 per cent in 1980-81 and a fall, although nominal, of 1.4 per cent in 1979-80. At a time when the country's foreign exchange reserves are depleting by more than Rs 125 crores a month, this recovery should provide cheers.

During the first 10 months (January-October) of 1981 the following major industries recorded rise over the corresponding period of 1980: sugar (35 per cent); automobiles (34 per cent; aluminium (26 per cent); saleable steel (21 per cent); vanaspati (20 per cent) and cement (13 per cent). Cotton fabrics (—3.5 per cent) and tea (—6.1 per cent) recorded decline during the same period. The major factor responsible for the improvement of Indian industries was the increase in power generation of about 13 per cent during the first months of 1981.

The Government's decision to undertake a quarterly review of select public sector undertakings is expected to restore the ailing public sector units to health. However, labour unrest is expected to act as a villain. During the first eight months (January-August) of 1981, 13.4 million mandays were lost owing to strikes and lockouts as compared with 14.1 million mandays during the corresponding period last year. It may be argued that the Government has assumed powers to ban strikes in essential services and industries and clarified that lay-offs and lockouts by the management would also be banned. It must be understood that just by banning strikes and lockouts alone, productivity of workers cannot be raised. If industrial peace is to be ensured, workers need to be protected from the onslaught of ever-rising prices.

Prices

During the first 10 months, as many as five instalments of dearness allowance to the Government employees have fallen due. Each DA instalment causes a burden of about Rs 60 crores on the exchequer. Rise in dearness allowance leads to rise in prices, which, in turn leads to increase in DA. This is like a vicious circle.

Of late, the wholesale prices are falling. On a point to point basis, they are higher by about 7 to 8 per cent compared with their level a year ago. Not only that, average price level declined nominally in October (—0.3 per cent) and November (—1.4 per cent). Despite this fall, the All-India Consumer Price Index Number for Industrial Workers continued to rise in October 1981 (0.9 per cent) for the tenth month in succession. At 460, the index was higher by 13.3 per cent than its level a year ago. Thus, it can be seen that while wholesale prices are higher by 7 to 8 per cent over last year, the retail prices (as reflected in the Consumer Price Index) are higher by more than 13 per cent. In other words, decline in wholesale prices is not percolated immediately in retail prices.

National income

The latest official data on real national income, released by the Central Statistical Organisation, relate to 1980-81 (quick estimates). However, the sectorwise details for the year are not available. In Table 3 we present the necessarily rough sector-wise estimates of growth in real national income during 1980-81 and 1981-82.

As can be seen from Table 3, during 1981-82 — the second year of the Sixth Five-Year Plan — real national income was expected to record a growth of 4 per cent as against the target of 5.2 per cent per annum during the Sixth Plan and the actual rise of 7 per cent in 1980-81. While the better performance of the economy in 1980-81 was largely attributed to the excellent performance of agriculture, modest growth of the economy during the current financial year was a combined result of moderate rise in agricultural production and sharp recovery on the industrial front. As regards the growth of per capita real national income, during the five years ending 1980-81 it has risen at the average annual rate of 1.4 per cent — almost the same as the trend rate of 1.5 per cent.

From sectorwise details of national income it can be seen that over the years the importance of agriculture in the economy is declining. In 1970-71 agriculture contributed as much as 47.4 per cent of the total net domestic product at current prices. This has sharply declined to 33.9 per cent in 1979-80. There was a corresponding rise in the share of manufacturing from 13.4 per cent to 16.8 per cent and trade hotels and restaurants from 11.2 per cent to 14 per cent during the same period.

Foreign trade

During 1980-81 India's imports recorded a sharp rise of 36.7 per cent to Rs 12,330 crores. This was mainly a result of hike in world crude prices. We imported crude and petroleum products worth Rs 5,500 crores which accounted for more than 80 per cent of India's total export earnings. On the other hand, exports went up by a meagre 3.8 per cent to Rs 6,705 crores. This wide imbalance in the growth of imports and exports resulted in a record trade deficit of Rs 5,625 crores (later revised to Rs 5,725 crores). During the first seven months

Table 3: Commerce Research Bureau's estimates of variations in real national income: 1980-81 and 1982

Sector	Percentage share in national income	Percentage variation in	
		1980-81	1981-82
Agriculture proper	34	13.9	4.2
Large-scale industry	11	4.2	10.0
Small-scale industry	6	15 0	15 0
Railways	1	1.0	12.0
Others	48	2.0	1.0
All sectors	100	7 0	4 0

COVER STORY

(April-October) of 1981-82 while exports increased by 14.1 per cent to Rs 3,960 crores from Rs 3,472 crores in the corresponding period last year, imports increased by only 4 per cent to Rs 6,883 crores from Rs 6,616 crores. As a result, the trade deficit has declined to Rs 2,923 crores from Rs 3,144 crores during this period.

What are the factors responsible for this happy reversal? Import of crude and petroleum products may be somewhat lower in 1981-82, partly on account of increased onshore production from Assam oilfields and higher offshore production from Bombay High. This offshore field has already reached a production level of 10 million tonnes a year. In this context, the recently discovered oilfields (B-57, east of Bombay High field and in the northern Palk Strait in the offshore Cauvery basis) augur well. Import of crude and petroleum products is expected to further decline in 1982. However, this in part is likely to be neutralised by fresh imports of wheat and sugar amounting to about Rs 450 crores. We import a large quantity of edible oils too. Last year we spent nearly Rs 700 crores of foreign exchange on the import of edible oils Further, because of mismanagement of plants we are not able to utilise the industrial capacities already installed. This results in large imports of cement, steel, fertiliser and aluminium which could have been avoided.

Income from invisibles (remittances, insurance, shipping and banking) is likely to be lower this year. As a result, external payment crisis will accentuate. In view of the prevailing uncertainty in IDA funds, aid prospects are dim. This will put considerable pressure on the already depleted foreign exchange reserves. We can ill-afford to draw down the foreign exchange reserves which have dropped to a low of Rs 4,200 crores at which level they cover just four months' import bill at the current rate. Only two years ago, in September 1979 at the peak level of Rs 6,000 crores foreign exchange reserves could finance eight months' import bill.

It became necessary to resort to commercial borrowing in the international market so as to ensure a stable balance of payments adjustment and sustain at the same time a modest rate of economic growth. During 1981 India was likely to borrow nearly $ 1,000 million from the Euro-currency markets, as against only $ 61 million in 1980, without much difficulty as it enjoys high credit rating. Norms of investment by oil exporting developing countries in India were also liberalised last year. The idea behind this move was to facilitate capital transfers among the developing countries themselves and thus reduce their dependence on the developed countries.

Continental dimension

The continental dimension of the Indian economy gives rise to many problems from which smaller and more integrated economies are free. At the same time this continental dimension also provides a cushion to the Indian economy to withstand the impact of a global recession with the minimum of imbalance. Although over the decade 1969-79 Indian exports expanded at a compound annual rate of about 16 per cent in value terms and over seven per cent in real terms, exports still have only a limited significance in the national economic effort. A recession in the industrialised countries is likely to hit the most hard the export sector, if at all. To the extent that the growth of the economy depends only marginally on exports the impact of the recession in the industrialised countries cannot have any great impact on the Indian economy

The geographical distribution of India's foreign trade also provides it partial immunity against the recession in western economies. Our trade with the Soviet Union, which has emerged as the largest trading partner of India, is not liable to be seriously affected by the recession. Similarly the growing volume of trade with the countries of West Asia and the Gulf region provides another insurance against the recession affecting us. The normalisation of economic relations with China assumes considerable importance in this context.

On the other hand the recession in the western countries, which should logically lead to lower prices and greater competition among the various western countries for exporting their products, could offer an opportunity to India of obtaining supplies of needed industrial goods and components at reasonable prices. It is a well known fact that the obligation of the developing countries to import from industrially developed countries involved considerable import of inflation in recent years in that the developing countries were obliged to purchase at highly inflated rates the industrial products of the industrial countries. Indeed inflation in the industrially advanced countries had gone to such an extent as to induce the oil exporting Arab countries to clamour for the indexation of prices of industrial articles and primary articles and to suggest dropping the US dollar as the currency unit for international trade transactions.

It is necessary to emphasize the poi that there is no axiomatic law that th recession in the industrial countrie should hit the developing nations automatically and that nothing that the developing countries do can alter the workin of this law. It may be that a dose o depression in the industrial countrie may, indeed, prove beneficial to the developing countries. *The World Bank Annual Report* 1981 for example, noted tha during 1980 the world economy face very much the same problems witnesse in the seventies, which included recessio in the industrial countries. "The principa problems were thus similar to those o the 1970s, but there were some crucia differences. The current downturn cam after years of relatively slow growth mounting unemployment, and high inflation in the industrial countries. It wa much milder than the sharp recession o 1974-75, but recovery is expected to b slower because of the difficulties of reducing inflation now considered a majo underlying cause of the weakness o many economies. There is thus not much cause for optimism in the global outloo for the near term."

Restrictionist policies

The problems in the industrialise countries arise not a little out of the restrictionist policies followed by them *vis-a-vis* the developing countries. The *Worl Development Report* 1981 of the Worl Bank noted that in the industrial countries "tariffs remain high in some section — particularly those of interest to developing-country exporters". The repor went on to observe : "Even where tariffs are generally low, they can still be a barrier to the expansion of processed exports by producers of primary products".

The growth of industry in the poor countries has been seriously limited by the small domestic market inasmuch as very large sections of the population live below the subsistence line. On the other hand the reduction of the pressure o population on agriculture, which urgently needs modernisation, calls for expansion of non-agricultural occupations, among which industry is of seminal importance. At the same time the expansion and development of industry in the poor countries give rise to a demand for the import of capital goods, intermediate goods and other industrial products which the industrially-developed countries alone can supply and through supplying which the industrial countries can avert and overcome recession. The *World Development Report* 1981 noted, "The industrial countries will certainly benefit from expanding their trade with developing countries.

m 1970 to 1978 developing-country ex- ts of manufactured goods to industrial intries increased by almost $ 12,000 lion (at 1970 prices) : but industrial intries increased their manufactured ports to developing countries by almost ee times as much. ......Trade with the veloping countries has helped raise the ciency of manufacturing in industrial untries. It has helped them in their unter-inflationary efforts, bringing con- lerable benefits to consumers. And it s provided the spur to moving resour- s out of low-productivity industries and ms into sectors that provide higher ges and, ultimately, greater job secu- y." (Pp 31-32). Thus the remedy to jor ills of the western economies lies opening out to the developing coun- es.

"The resilience shown by many deve- ping countries in the face of so unfav- rable an international environment was the more remarkable. Developing untry growth was 4.6 per cent in 1980, ce again substantially higher than the 3 per cent growth of the industrial untries. Many developing countries in- ased both their penetration of indus- al country markets and their trade with ch other," the report said.

Trading with one another by the veloping countries can indeed bring out much sharper focus the existing com- mentarities in the economic endeav- rs of many developing countries and greater possibility of reducing their lnerability to the exposure to the oscil- tions in the economic situation in the lustrial countries. It was the absence of conscious drive to explore the com- mentarities of one another's economy the developing countries that enabled developed countries to siphon off ich of the gains of the oil-exporting intries to finance their (the industrial intries) economic development. The *orld Bank Annual Report* 1981 noted. uring 1979 and 1980 the capital-sur- is oil exporters and the oil-exporting veloping countries are estimated to ve acquired about $ 1,65,000 million net external assets. It appears that they posited somewhat more than half that ount in banks, contributing to the pool ilable for recycling to the deficit coun- s through financial intermediaries. st of the remainder of their surplus s used for direct lending to industrial intry governments and for the acqui- on of long-term assets in industrial intries, although direct loans and other vs to developing countries also in- ased substantially."

The bane of the Indian economy is the underutilisation of capacity — human and material both. The vast army of the unemployed and the underemployed manpower represents a waste that is immeasurable in economic terms. If manpower supply can by some queer standard be considered to be so abundant as to be expendable, the underutilisation of resources built up at great capital cost represents another part of the same riddle. Industrial capacity is underutilised because there is no power; power is not available because power generation capacity is underutilised; power generation capacity cannot be fully utilised either because coal does not come in sufficient quantities at the right time or there is no rainfall; shortage of rainfall leads also to underutilisation of the productivity of land (coupled with underutilisation of the irrigation potential created) necessitating import of foodgrains, causing a drain on foreign exchange reserves, which in turn necessitates going to the International Monetary Fund for a sizable loan with attendant obligations. A better utilisation of capacity in all areas would free the economy from many of its existing hindrances. It, is therefore, in the fitness of things that the Government of India has decided to designate the year 1982 as the Productivity Year'. If this does not remain a mere slogan but is put into practice with vigour and dedication by the captains of industry and the bureaucracy (whose attitude is of crucial importance representing the direct responsibility of the government in implementing the programme of better productivity) the Indian economy in 1982 would be very much impregnable by any external factor like a recession in the industrial countries.

OECD: Slow road to recovery

FOLLOWING are the excerpts from the *OECD Economic Outlook*, December 1981.

The demand-depressing effects of the 1979/80 oil price rise now seem largely to have worked themselves through. The main forces acting on OECD demand continue to be on the one hand the positive influences of underlying real income growth and the swing in the OECD area's real foreign balance, and on the other hand the influence of tight monetary policy and a restrictive swing in fiscal policy in most countries. There having been little change in the magnitude of these forces, the outlook for Europe and Japan appears to be much the same as it was six months ago, but GNP in the United States seems likely to exhibit a more pronounced "V" shape.

After modest growth in the first half of 1981, fuelled by unexpectedly strong exports to the non-OECD area, principally OPEC, GNP in the OECD area seems likely to have shown little change in level in the latter part of 1981. A decline in the United States and other major countries was partially offset by growth in Japan, France and most of the smaller economies. OECD activity is expected to pick up progressively in the course of 1982, to growth of around 3 per cent. There will be some variation in performance between the major country groupings. In the United States GNP seems likely to have fallen in the final quarter of 1981, and to fall further during the first half of 1982. Thereafter there may be a pickup to growth rates in the 3 to 4 per cent range. Because of interaction between overall demand and tight monetary policy, interest rates, while generally high, may fluctuate, perhaps accompanied by continuing significant and hard-to-forecast swings in United States quarter-by-quarter GNP growth. There seems likely to be a moderate GNP upturn in Europe, and a steady acceleration in Japan.

Under the key assumption of unchanged nominal oil prices until end-1982, inflation seems likely to slow down in most countries. For the OECD area as a whole, inflation may decelerate over the next 18 months by about a percentage point from the present 9½ per cent rate. The OECD area current account deficit, influenced importantly by oil destocking, increased economy in the use of oil, and switching to alternative fuels, may be in the $ 20 to $ 35 billion range throughout the next eighteen months. Under the assumption of unchanged exchange rates, the distribution will become somewhat uneven, with Japan likely to swing into substantial surplus, while the United States may move into deficit towards the end of 1982. The current balance of the smaller deficit countries taken as a group may show little change. Unemployment, which is among the more uncertain elements in any forecast, seems likely to rise in Europe, at a decelerating rate, throughout the next year and a half to around 10 per cent of the labour force. In the United States the unemployment rate may rise sharply early in 1982, and then ease. Total OECD unemployment may level out at perhaps 8 per cent of the OECD labour force, some 28½ million people, in the course of 1982.

Policy effects

This being an outlook in which the effects of policy are playing a predominant role, it is perhaps appropriate to consider how this was expected to function in theory, and to examine how well it appears to have worked in practice. Neither task is straightforward. On the one hand, numerous and diverse arguments underlie the stance of policy: in the light of a generally unsatisfactory recent performance and a troubled outlook following the 1979/80 oil price rise, a number of different views gained prominence. On the other hand, twelve to eighteen months is a fairly short span over which to assess the consequences of policy.

Governments almost unanimously met the second large oil price rise of 1979/80 with a tightening of aggregate-demand policies. The purpose was twofold. It was judged important to prevent.

— the external price impulse from becoming built in to the domestic wage-price spiral, and

— a squeeze on profit margins of the sort seen in 1974/75.

Even where reasonably good progress had been made in containing inflation, some governments had to continue with tight policy in order to protect their exchange rates so as to avoid higher imported inflation.

Overlaying this policy prescription has been a fairly widespread view that many of the present economic ills can be attributed to expansionary fiscal and monetary policies of previous decades. It is considered in some cases that fiscal fine tuning, instead of being stabilising, has frequently had the opposite effect, and that in the process the public sector has got too big. An essential element in the policy of many governments has been an attempted reduction in public sector deficits, as well as in the size and obstrusiveness of government. In some countries there has also been a reduction of direct tax rates to increase incentives. On the evidence of cyclically-adjusted budget balances, it would seem that so-called discretionary policy may have swung by around 1 per cent of GNP in 1981 for the major seven countries considered as a group. A further swing of similar magnitude is in prospect for 1982. Furthermore, in many countries monetary targets are set so as not to accommodate the expected growth of nominal GNP. Real interest rates are still generally high in most countries, a virtually unprecedented situation, especially with the OECD economy in recession.

Tight policy and inflation. There are at least three main ways in which, according to current academic thinking, tight policy can work to moderate inflation. First, low demand and high unemployment, whether resulting from restrictive fiscal or monetary policy, can be expected to moderate the rate of growth of nominal incomes through a Phillips-curve effect. Second, the announcement of tight monetary targets might be sufficient to lower the expected rate of inflation, wage settlement and hence the actual rate of inflation. If wage bargainers are not initially convinced, resulting rising unemployment may serve to moderate inflation both through increasing labour market slack, and by convincing the sceptical that the authorities will stick to their targets.

A third way in which tight monetary policy, and resulting increased interest rates, can affect inflation is through its effect in inducing capital inflows, appreciating the exchange rate, and hence depressing the price of imports. While this mechanism is feasible for an individual country, it has at least two limitations. First, partner countries may not wish to see the counterpart inflationary depreciation of their currencies, and so may raise their interest rates to match. At the limit, when all countries raise their interest rates, no currency appreciates and no country gets imports-price-induced disinflation. Secondly, even if a country does succeed in initially reducing inflation through capital-flow-induced currency appreciation, this may not last. Resulting loss of competitiveness can lead, after a period, to a current account problem and downward pressure on the exchange rate. If this is not resisted by yet higher interest rates, the currency depreciates, and import prices rise, rekindling inflation.

Tight policy and output. There is fairly general agreement that tight policy, monetary and fiscal, does depress output, but there is considerable uncertainty over how long the effect lasts. Keynesian analysis, concentrating on the influences on the post-tax income of the main spending groups, usually considers that the negative effects last for several years at least, although much of the total effect is seen in the first two. Monetarist analysis also concerns itself with the spending behaviour of various groupings of consumers and investors, but considers that there will be no long-term effects on output, while price inflation is permanently reduced. Fiscal policy is thought to have only a transient effect on demand and output.

Tight policy and the share of pro
A number of OECD countries saw
trend decline in their profit shares in
1960s and early 1970s. The first oil cri
then led to a dramatic rise in energy a
unit labour costs, with profits initia
absorbing much of the real income l
of worsened terms of trade, and inve
ment falling sharply. An important a
of tight policies in the face of the sec
oil shock, in 1979/80, was to ensure
profit margins would be better protec
by making it clear to employers and e
ployees alike that inflationary settleme
would not be financed. Furthermore, fr
previous experience, it was felt necess
that households and firms should rec
nise, the second time around, that hig
energy prices were likely to persist. He
it was considered important that fir
should resist inflationary wage cla
which sought to recoup the real inc
loss to OPEC, while they and househ
were encouraged to shift away fr
energy, and particularly oil, consumpt

Tight policy and public sector d
cits. It is widely recognised that a
in activity will tend to increase a pu
sector deficit, or reduce a surplus,
cause of reduced taxation receipts
in a welfare society, of payments to
increased number of unemployed. He
a decrease in government expenditur
an increase in taxation both initially
duce a public sector deficit, but the e
will later be partially offset if the tig
fiscal policy has the effect of redu
output.

Whether it will do so, however,
pends upon the response of the pri
sector. Tighter fiscal policy releases
resources in goods and labour mar
and loanable funds in the financial
kets. If these released resources and f
are willingly taken up by the private
tor, output need not fall overall, while
size of the public sector may be red
This is a possible outcome where pri
sector demand is basically buoyant,
ther domestically or through a prospe
strong growth of exports. Sometimes
argument is put even more strong
the size of the public sector deficit p
worries the private sector, a reducti
the government sector's claims on r
ces could result in a more than equ
crease in the private sector's willin
to borrow, spend and produce, w
substantial positive effect on total
put, and with a doubly-reduced p
sector deficit. The response of the p
sector is thus all-important in dete
ing the ultimate output and budget
of a change in the stance of fiscal p
The achievement of a better econom

STANROSE

SUIT-ABLES

Stanrose know
how to separate
the men from
the boys.
With fabrics
for soft shirts,
impeccable jackets,
keen-as-a-blade
trousers.

For men
and for women.
Stanrose Fashions.

Suitings, shirtings,
sarees, dress materials.

STANROSE
fabrics

Standard Mills

Mafatlal Apparel

Surat Cotton Mills

everest/81/SM/341

SUN GRACE

Suddenly... it's Sun Grace

Bask in it.
Exuberate in it.
Feel it. Wear it.
Live it.

SUN GRACE
Fabrics
From Mihir Textiles
and Matulya Mills

तमसो मा ज्योतिर्गमय

TRIKAYA-MT20-81

nance depends importantly upon the ity and the willingness of the private or both to invest and to produce at igher level.

The mechanism whereby the higher ninal interest rates resulting from her inflation or tighter policy adver y affect the public sctor deficit is well own, although the phenomenon has ne more into prominence with the high minal rates of the last few years. But er consequences are less well recog ed. Because an increase in inflation luces the real value of paper assets, s tends to redistribute wealth from ders to borrowers. If this redistribu n is offset by high nominal interest es, the repayment of capital is accele ed. With the government a large net btor in most countries accelerated pital repayments imply a tendency wards an increased public sector ficit, or a reduced surplus. But the extent that increased private ctor interest income is compensat g for the inflation-reduced value paper assets, private sector wealth, d hence spending, may be little affect . An important question, therefore, is e extent to which, when assessing the ance of aggregate demand policy, pub sector deficit figures, which include the fects of sharply-increased interest rates, ould be taken as an appropriate guide.

What have the effects of tight policy en in practice? It is never possible to be rtain what effects policy has had, be use it is impossible to know what the urse of the economy would have been d policy been otherwise. This is espc ally so in the present circumstances, here there is deep disagreemnt about the fects of policy mechanisms and their ming. Furthermore, the underlying situ ion is far from stable, with the OECD onomy being subject since 1979 to the irect and induced effects of a substan al increase in the price of internation lly-traded oil. It can, however, be in ructive to look at successive projections, nd see how well they accord with what ctually happened. Where there is diver ence between forecast and out-turn, this ay provide a clue as to where assump on about the functioning of the econo ny have been falsified.

In the event, inflation has slowed own at much the rate predicted by lectric analysis. Important influences ere the passing-through of the energy rice impulse, moderate food prices fol owing good harvests, and softer commo lity prices as a result of slack demand. With unemployment high, and perhaps a etter understanding that the real income loss resulting from higher oil prices has to be absorbed, wage demands were moderate in 1980, and in some countries this moderation appears to have continued in 1981.

So far at least the record lends little support to the notion that tight monetary policy can reduce inflation without a significant deflation of demand and output, the performance of which has also been much as expected. Analysing in a conventional way the probable effects on demand and output of the 1979/80 oil price rise, the fiscal and monetary policies adopted to meet it, and the effects of exchange rate changes, the OECD Secretariat has for the last year been forecasting recession followed by a hesitant upturn. The expected date of the upturn for the OECD economy was postponed in the projections presented in the last *Economic Outlook*, partly because of the tightening of monetary policy in most countries in the early months of 1981, and because the effects of 1980's tightness had earlier been underestimated. The expected distribution of demand as between countries was also modified as a result of exchange rate changes.

Public sector deficits too have proved no easier to reduce than conventional analysis suggested would be the case. Sluggish activity and rising unemployment have had the customary effects, supplemented by the consequences of high interest rates for government debt payments.

The profit share in most OECD economies has generally fallen since 1979, but as a result of real-wage moderation it has fallen no more than can be explained by the normal cyclical downswing in productivity. The decline has been much less marked than during the recession after the 1973/74 oil shock; in a number of major countries the share of profits is near the 1972 value. The behaviour of private non-residential investment, while cyclically depressed, has not fallen precipitately in the way seen after the first oil shock.

International uncertainties

In addition to the risks and uncertainties attaching to the projections for individual countries there are also potentially important uncertainties resulting from the international interaction of countries' domestic policies and the functioning of the foreign exchange market. The past year or so has seen sharp exchange rate movements. Exchange rate changes are never easy to explain, but important influences almost certainly are the cumulative effects of differential inflation-rate movements as between countries, interest rate changes and the differential evolution of current account positions. At times during the past year, however, markets do not appear to have distinguished sufficiently between transient and more fundamental elements.

If the present exchange rates were to be maintained — the assumption underlying the projections — net exports would grow rapidly in some countries, notably Germany and Japan. Furthermore, significant divergences of current account positions could emerge, particularly involving the United States and Japan. These could result in heightened trade friction and increase pressures for protection.

On the other hand, recent exchange rate movements have tended to reverse the changes seen in 1980 and the first part of 1981 and this process could continue. Should there be upward pressure on some European currencies, the countries involved might, through a combination of initially-stronger real income and relaxation of pressure on policies, achieve a somewhat higher rate of growth than the projections suggest. A higher exchange rate for the yen would also change the pattern of growth leading, after a period of adjustment, to a smaller current account surplus for Japan. The United States, with a relatively small foreign sector in relation to GNP, might be proportionally less affected. Nevertheless, there could be a significant, if lagged, boost to net exports. Perhaps more importantly, rising import prices could give an unwelcome impetus to inflation, particularly if, as in the past, domestic producers were to take the opportunity of the easier market conditions to raise their prices.

However, if significant exchange rate pressures were to develop, there is always some risk that they might be disproportionate in relation to the required adjustment of uneven current positions. If this were so it would seem, not only on the basis of the experience of recent years, but also looking further ahead, that the interaction of national policies may be causing a measure of instability in the international trading system, reflecting itself in exchange rate pressures, domestic monetary policy responses and trade friction. It is becoming increasingly evident that devising a truly satisfactory domestic economic policy necessarily also involves an important additional dimension of assessing its likely international interaction with the policies of other countries.

Issues

While it is too soon to reach a final judgement, the evidence of the last two

COVER STORY

years is that policy has reduced inflation somewhat, and the share of profit has been relatively well maintained. Such success has not, however, been obtained without a cost, at least in the short run, in terms of lost output and rising unemployment.

A key question is the extent to which there might be an attempted wage "catch-up" once activity picks up, or whether there is some improvement of a more lasting kind in price and wage behaviour. The evidence on this is still very mixed. The more there is evidence that expectations and real income aspirations have become, or are becoming, firmly changed, the sooner it might be possible to achieve a rate of growth sufficient to start making in roads on unemployment. The more it is felt that the progress made so far is likely to be quickly reversed when demand picks up, and tighter labour market conditions begin to emerge in a number of sectors, the longer it may be judged necessary to continue with the present policy stance. There are differing views on this and, equally, there are important differences between countries.

The behaviour of commodity prices could prove a complicating factor. If commodity supply proves insufficiently elastic, perhaps as a result of a number of years of weak investment, prices could rise quite early in the upswing, partially reversing early inflation gains, and with some risk of initiating a new wage/price spiral.

Particularly important in determining the ultimate outcome will be the progress made in improving the supply potential of OECD economies. It is not clear what reduction in economically-viable production capacity has resulted from the change in relative prices following the second major oil price shock. Nor is it certain how responsive supply will prove to be when demand starts to pick up. But considerable improvement almost certainly needs to be made in this area. The last *Economic Outlook* laid particular stress on the need to ensure a satisfactory supply side potential of OECD economies. A wide range of areas in which it might prove possible to improve output and inflation performance, encompassing both product and labour market, was discussed, and the importance of resisting protectionist or market-weakening measures was emphasised. Improving supply potential is not easy to achieve, and might well necessitate different action in different countries, in some instances outside the conventional frame of reference of economic policy making and even policy-making institutions. But it looks increasingly as if that challenge will have to be met. Only if supply can be made more responsive, and inflation further reduced, will it be possible to have the more rapid growth that is required to start bringing unemployment down.

Prospects

The OECD area: Recovery from the recession seems likely to be moderate for the OECD area considered as a whole. The projected restrictive swing of fiscal policy in most countries will be reflected as a meagre rise in public expenditure. The main source of demand growth is expected to be private consumption, albeit at a modest rate, as real income reverts to more normal growth. Business fixed investment is likely to grow much more slowly than after th
first oil shock, having fallen much les
Accordingly, final domestic deman
growth in the OECD area may accelerat
moderately to around 2½ per cent in th
second half of 1982. Total domestic de
mand is likely to grow faster, because
a positive contribution from the chang
in stockbuilding, to reach around 3¼ p
cent growth in the second half of 198
possibly with a slight deceleration there
after. Net exports are expected to contr
bute positively to demand, during 198
and the first part of 1982, with the growt
of real GDP reaching around 3 per ce
after mid-1982.

The OECD Secretariat's leading in
dicators — which have proved to be
relatively reliable guide to the immediat
outlook (up to about six months ahead
— suggest different cyclical development
in North America, Europe, and Japa
The leading indicator for North America
which correctly predicted that the up
turn in the first half of 1981 would b
shortlived, suggests that there is no im
mediate prospect of sustained recovery
Leading indicators for France and Ger
many have stopped declining, whic
would imply a trough in late 1981, bu
no trough has yet been identified fo
Italy. Japan's longer leading indicato
turned positive in August 1980, whic
seems consistent with a recovery in th
second half of 1981, but the shorter lead
ing indicator does not suggest it is immi
nent.

The patterns of the recovery ar
forecast to differ somewhat between th
United States, Japan and Europe in 1982
In the United States, after a 1½ per cen
decline in the second half of 1981, rea
GDP is expected to decline further in the
first half of 1982, but to increase there
after. The four major European countries
as a group are expected to recover in
1982 to growth rates of around 2½ per
cent (annual rate) by the second half.
Some decline in European interest rates
is projected over the next eighteen months. Together with the lagged export-volume effect of depreciation *vis-a-vis* the dollar, this is likely to help support investment and hence domestic demand. Only two components of demand, private consumption and stockbuilding, are likely to grow significantly. In Japan, after slight deceleration in the second half of 1981 due mainly to the decline in public expenditure, a steady recovery seems likely, with real GDP growth accelerating to around 4½ per cent in the second half of 1982.

BHABHA ATOMIC RESEARCH CENTRE

BOMBAY-400 085

Tender Notice No. CE/230 dated 1-12-1981. Sealed tenders are invited upto 3 p.m. on 18-1-1982 by the Chief Engineer, Civil Engineering Division, Bhabha Atomic Research Centre, North Site, Trombay, Bombay-400 085 from experienced contractors on approved list of Central P.W.D., M.E.S., Railways, State P.W.Ds for the work of extension to BARC Housing Colony at Tarapur—construction of 64 quarters of type II—civil and internal PH works. Estimated cost: Rs. 40.00 lakhs. Earnest money Rs. 20.000/- Period allowed for completion of work: 18 calendar months (including monsoon period).

Tender forms can be had from his office on working days between 10 a.m. and 4 p.m. upto 16-1-1982 on payment of Rs. 50/- per set in cash (non-refundable) on production of proof of registration in appropriate class of contractors. their past experience and Income Tax clearance certificate. The tender document will not be sent by post.

Tender drawings obtainable on depositing Rs. 100/- (refundable to the tenderer on returning the drawings along with the tender). It will be obligatory on all tenderers to return the drawings at the time of opening the tender.

davp 645 (375)/81)

SPECIAL ARTICLE

iscal and economic policy: Long-term erspective

y **M. S. PATWARDHAN**

HE Finance Minister is inundated with a mass of suggestions in the onths preceding the annual presentation the budget and a majority of these ainly comprise proposals for fiscal re- fs for special interest groups. They ldom form part of a well thought out, mprehensive scheme of taxation con- tent with the country's long-term eco- omic goals where fiscal concessions are lanced by fiscal prudence and adequate ight is given to non-fiscal instruments economic policy such as monetary licy, incomes and pricing policy, ex- ange rate policy, industrial licensing licy and so on.

The main thrust of overall economic olicy which includes budgetary policy ould be directed towards :

(a) economic growth; (b) encourage- ent of savings and investment and obilising resources; (c) reward for enter- ise and the creation of wealth; (d) con- inment of government expenditure; (e) inimising deficit financing and inflation;) relaxation of controls and encourage- ent of the market mechanism while eventing abuses *e.g.* black money;) expansion of exports and conserva- on of exchange resources; (h) increase employment; (i) optimum use of re- urces (*e.g.* use of existing capacity hieving low capital/output ratio, *etc*); d (j) eradication of poverty through e creation of wealth, employment, *etc.*

Some of these objectives may in- olve a degree of conflict and this will quire careful balancing *inter se*. It will so be unrealistic to expect to progress ernight to a radical transformation of trenched policies. Bearing these objec- ves and considerations in mind, the llowing package of measures for pro- essive implementation over a five or en ten-year period is proposed.

ublic sector surpluses

A major objective of government olicy must be to get adequate returns om the investments already made, nota- y in the public sector as national in- estment plans can derive considerable support from them. The surplus (after interest and tax) generated from investments in public sector undertakings has been small (and in some years negative). A colossal sum of over Rs 15,600 crores has been invested (as on March 31, 1979) in these undertakings from the nation's hard-earned savings. The Sixth Five-Year Plan (1980-85) expects to draw as gross surpluses from public enterprises a sum of Rs 5,848 crores during the quinquennium or as much as Rs 5,680 crores in the remaining three years of the Plan. To be able to measure up to these expectations, it is obvious that the operational efficiency of the public sector undertakings needs to be substantially improved and their products priced approximately. This is a vital area for changes in policy and practice, although it is not specifically dealt with in this paper.

Indirect taxation

Excise duties: Petroleum and tobacco account for 36 per cent of the total excise duty collection and some 28 other items account for a further 44 per cent of the total. It is thus estimated that 30 items account for approximately 80 per cent of the total excise revenue. Consideration needs to be given to the elimination of excise duty from a whole series of items which contribute little to revenue including those covered by the omnibus section: tariff item 68; this will lead to administrative economy, reduce harassment of honest assessees and curb widespread evasion. Compensating increases in other items will need judicious consideration in the interest of revenue.

Petroleum products: There is a case for increasing the prices of petroleum products inclusive of duties and taxes to international levels in order to encourage conservation, the generation of resources for investment in oil exploration, refining and distribution and saving of foreign exchange needed for crude oil and product imports. This can be done either by raising duties and taxes, increasing the price payable for crude oil to the ONGC and Oil India or by raising the prices chargeable by the oil refining and distributing companies. It would lead to the customer being charged more and either government or public sector revenues going up. The main disparity between prices in India and those prevailing in advanced countries relates to kerosene and high speed diesel oil where the Indian prices are less than 50 per cent of those in the UK and also below two-thirds of the average for Japan/New Zealand/the UK. This is also the product group where demand accounts for 48 per cent of the total, the growth rate is high and imports are considerable.

If scarce resources are to be conserved, there is no alternative to taking Indian prices closer to international levels but it would be unwise to make the correction in one step. This would have a dramatic impact on the rate of inflation, the fortunes of the road transport industry and the sections of the population which rely on kerosene as a source of light and energy. The adjustment may consequently be spread over, say, five years to permit a gradual adjustment to the new price regime. If consumer prices are brought up to average levels prevailing in Japan/New Zealand/the UK government revenues are likely to go up by about Rs 3,000 crores per annum.

Incremental production : In order to stimulate industrial production and the use of existing capacity, the excise duty concession applicable up to March 31, 1979 in respect of production which was incremental to a historical reference level (Central Excise Notification No. 198/76 CE dated 18.6.1976) should be restored and be made permanent, while making a provision for raising the reference level to the average of the preceding three years

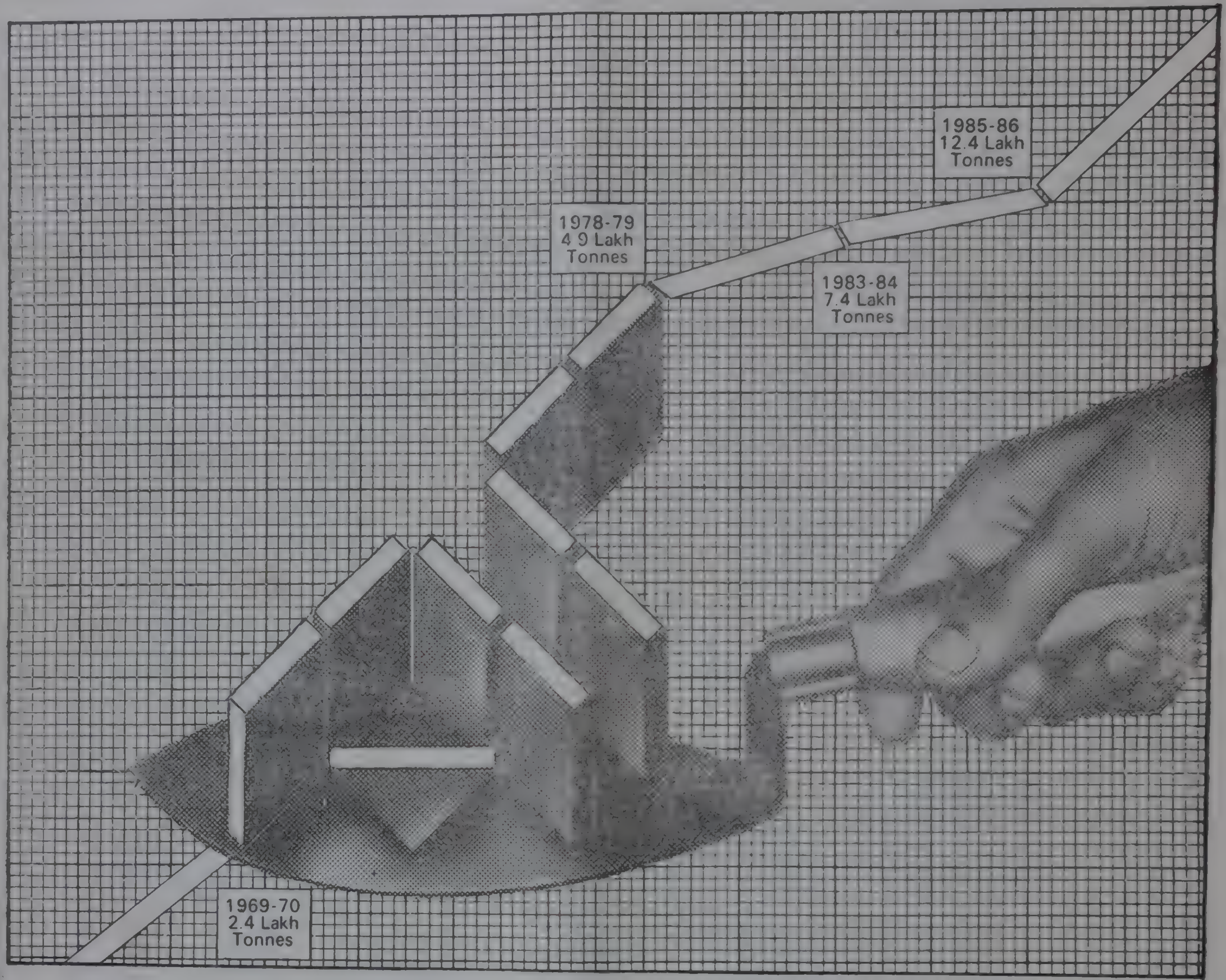
Customs duty : Imports of capital goods are strictly controlled and are permitted only where indigenous products are unavailable. To levy a tax of 40 to 95 per cent under these circumstances on such imports as are permitted by government is to tax development. This is tantamount to creating a high-cost industry and discouraging modernisation and industrial growth. Customs duty for capital goods should be reduced to, say, 20 per cent, merely to reflect the scarcity value of foreign exchange.

Octroi: Many government appointed committees have concluded that octroi is an impediment to speedy movement on

---

Mr Patwardhan, manaming director National Organic Chemical Industries td, is former president of the Bombay hamber of Commerce and Industries.

Andhra Cement– Poised to produce over a million tonnes.



Andhra Cement is adding a million tonnes to its installed capacity.

The installed capacity of Andhra Cement has risen from 2.4 lakh tonnes to 4.9 lakh tonnes in 1979. By 1983-84, the installed capacity is expected to reach 7.4 lakh tonnes.

Andhra Cement is presently implementing the second phase of its expansion programme at a cost of Rs. 30.85 crores.

With the progressive introduction of the latest precalcination technology, the capacity is expected to virtually double to 12.4 lakh tonnes.

The project is being financed by financial institutions and banks to the tune of Rs. 23 crores, internal accruals and loans from promotors will contribute Rs. 2.35 crores. The rest of the finance of Rs. 5.5 crores, is proposed to be met by a Rights Issue of Rs. 2.75 crores, followed by an Equity Public Issue of Rs. 2.75 crores.

The rights issue is being offered in the ratio of 3:1, i.e., for every one share held, 3 right shares will be offered for cash at par.

FINANCIAL HIGHLIGHTS

Year ended 31st March	Sales	Gross Block	Net Worth	Gross Profit	Dividend	Book value of equity shares
	Rs. lakhs	Rs. lakhs	Rs. lakhs	Rs. lakhs	%	Rs.
1977	571	421	109	22	10.0	14.28
1978	593	477	141	55	12.5	18.50
1979	620	812	141	36	12.5	18.60
1980	851	1252	180	82	12.5	23.81
1981	1354	1383	247	124	12.5	32.66

PROJECT COST AND THE MEANS OF FINANCE

The total project cost of Rs. 30.85 crores is proposed to be met by the following sources

		Rs. in lakhs
I. SHARE CAPITAL		
i. Right Issue	275	
ii. Public Issue	275	550
II. Internal accruals and loans from promoters		235
III. Terms loans from Financial Institutions and Banks		2300
Total		3085

Andhra Cement– A Concrete Investment Base.

THE
ANDHRA
CEMENT
COMPANY LTD.
111, Sarojini Devi Road,
Secunderabad 500 003

Imageads/H/ACCL-81133A

roads, leads to a waste of scarce oleum and capital resources and is eptible to evasion. As in the case of arat and Karnataka, octroi should be lished and local bodies compensated state governments who in turn should ke up the revenue by levying excise y or sales tax.

ect taxation

Corporate taxation: Companies in priority sector (listed in Appendix I Industrial Policy dated February 2, 73) should have the option of writing for tax purposes, depreciation up to 0 per cent of the original value of plant d machinery in any year(s) of their oice. They should be required to write f a similar amount in their corporate counts in order to discourage over- nerous dividend distribution.

This will augment internal resources r modernisation and expansion in the iority sector and provide a measure of lief from the ravages of inflation. There ill be only a deferment and not a loss revenue, while the postponment is un- kely to be large in view of the stipula- on of priority status as a qualifying iterion and the need to write off similar mounts in the corporate accounts; the sychological impact on investment senti- ent is, however, likely to be significant.

It is worth noting that 'progress ex- enditure for depreciation' which would ermit the assessee to write off capital xpenditure as it is incurred, without aiting for the project to be completed, as been suggested in USA as a means f stimulating investment in synfuels hich is capital-intensive and has a long estation period. Such a proposal would o even farther than that of permitting p to 100 per cent write-off in the year of ommissioning proposed earlier.

Retained Earnings : In order to en- ourage the generation of internal resour- es and investment in modernisation, nergy conservation, debottlenecking of lant and expansion of capacity in exist- ng enterprises, the tax on retained (as pposed to distributed earnings) should e reduced in, say, three steps from the urrent levels of 56 per cent to 40 per ent. Assuming that about 50 per cent of corporated taxable profits would be re- ained under this dispensation, the loss of revenue at final stage of a 40 per cent tax level is likely to be in the region of Rs 250 crores per annum and this should be more than made up through natural revenue growth over the three year transitional period that is assumed.

Exports : Taxable income from exports should be subject to a tax ceiling of, say, 40 per cent. This will give a boost to export earnings, and could be followed by a progressive reduction in subsidies designed to stimulate exports. It should be noted that some countries do not tax exports at all and others operate systems which reduce or defer tax liability, *e.g.* under the Domestic International Sales Corporation (DISC) system tax liability is deferred in USA.

Inflation accounting

It is possible to argue that with the rapid inflation we have experienced over the last few years, the time has come for us to introduce inflation accounting in order that shareholders, the public and government may get a true and fair view of a company's financial position and depreciation provisions and taxation may be calculated on a more realistic and rational basis. In its absence, there is a real risk that insufficient provision is being made for the replacement of assets and that the distribution of dividends may, in part, amount to a distribution of capital.

While the conceptual case for such a change is a strong one, the practical difficulties are considerable. Experience elsewhere has shown that it is far from easy to evolve ground rules and principles which are equally applicable to different types of companies and which would lead to a presentation which is not overly subjective with the risk of misunderstanding at best and tax evasion at worst. Under these circumstances, it would, on balance, be prudent for us to defer a change-over to a form of inflation accounting as a statutory requirement. We should await further experimentation and experience in this field in other countries before drawing up our own final standards.

In the meantime, there may be merit in the accounting profession suggesting provisional standards, as a basis of experimentation by the larger companies over the next three or four years, for information to be provided on an optional basis as a supplement to statutory accounts drawn up on a historical cost basis. The earlier suggestion for permitting up to 100 per cent depreciation for tax purposes in the first year will go some way in alleviating problems over the replacement of assets created by inflation.

Personal taxation

Marginal rate : The highest marginal rate of 66 per cent including surcharge currently applicable to individuals should be reduced progressively over a period of ten years to 55 per cent. Assuming that 25 per cent of the current revenue of about Rs 1,500 crores is attributable to tax payers at the highest marginal rate, the loss of revenue in the first year arising from a drop in the marginal rate by 1 per cent will be small and this drop will go up in almost imperceptible steps each year. These losses will be more than offset by the buoyancy of rupee incomes and the corresponding tax collections even at the progressively lower rates. The impact on savings should be significant and there would be some relief from the diminution of individuals' income in real terms attributable to inflation.

Tax thresholds : The tax thresholds (no-tax as well as higher slabs) and the exemption thresholds (*e.g.* Rs 3,000 of dividend and other income exempted from tax, Rs 30,000, the tax-free limit for gratuity, *etc*) should be indexed for inflation every two or three years in the interest of equity as is the case in many countries.

Capital gains tax : The exemption from capital gains tax on sales proceeds reinvested in bank deposits, units, *etc* under Section 54E of the Income Tax Act, which prevailed up to end-February 1979 should be restored. This will reduce real estate prices and the incidence of black money. In an inflationary environment, capital gains are inevitable and usually represent no more than the preservation of original value. Appropriate industrial licensing and other policies which encourage higher production, minimise shortage and contain inflation will simultaneously tend to limit such gains which is preferable to taxing them.

Gift tax : The anticipated collection from gift and wealth taxes and estate duty is as follows : (1981/82 budget in Rs crores) : Gift tax 6.3; Wealth tax 66; and Estate duty 15. Total Rs 87.3 crores.

The three together represent less than 1 per cent of total tax revenue and it is clear that the prime purpose is not the collection of revenue but to prevent too wide disparities in income and wealth and the inheritance of great wealth. The diminution in the value of the rupee through inflation and the need to encourage savings and to reward enterprise and creation of wealth together with administrative convenience require an increase in tax thresholds. This can be brought about without essentially sacrificing the principles of social equity mentioned earlier as shown below:

a) Gifts up to Rs 25,000 per annum should be totally exempted from tax.

b) Wealth tax should not be payable on wealth below Rs 10 lakhs and one residential unit up to an assessed value of Rs 10 lakhs should also be exempted.

c) Estate duty should not be payable in respect of wealth which does not attract wealth tax.

The loss of revenue through these changes is likely to be insignificant and benefits through reduced harassment and administrative costs and inconvenience will be considerable. It is also worth noting that, in terms of the index of wholesale prices, the value of the rupee has declined by about 80 per cent over 1961-81 and the changes suggested will more or less reflect this depreciation.

Tax deduction at source: Payment of interest on public deposits, bonds, debentures and dividend from shares below Rs 1000 for each transaction should not be subject to deduction of tax at source.

Provident funds and other retirement plans: Contributions to the public and other approved provident funds, post office cumulative time deposits and LIC insurance policies up to a maximum of, say, Rs 50,000 per annum should be wholly deductible from taxable income. While encouraging savings, the funds would remain available to Government for up to 15 years (or even longer in the case of life insurance). If 100,000 persons were to contribute Rs 50,000 each per annum on this basis, the *gross* collection would amount to Rs 500 crores. As a first approximation, the *net* collection could be about 50 per cent assuming that individuals are participating in the current schemes to some extent.

Compulsory deposit scheme: Deposits made under the compulsory deposit scheme should be frozen for five years from the income year 1982/83. In other words, interest payments on the amounts outstanding as on April 1, 1982 should continue to be credited to the individual's account but there should neither be a new deposit nor an annual withdrawal. A great majority of individuals have probably reached a near-balance in respect of deposits and withdrawals and there would be considerable administrative convenience in a five-year freeze with little impact on revenue. There will need to be a provision, however, for withdrawal in the event of death or retirement. The outstanding amounts inclusive of accummulated interest should be repaid thereafter over a period of five years and the scheme discontinued.

Agriculture

While agriculture contributes about 40 per cent of the country's GNP and receives many subsidies on its inputs, it pays no income tax (plantations are an exception; agricultural income is also taken into account for calculating the applicable rate for income tax although the former is not itself taxable). The level of land revenue is low and the total contribution of agriculture inclusive of land revenue to Central and state taxation is under 2 per cent; in addition, agricultural inputs (fertilisers, pesticides, electricity and water) attract certain subsidies. There is no logical justification for not taxing, at least, the more affluent farmers. It is for consideration whether the excess of agricultural incomes over, say, Rs 60,000 per annum should not be subject to taxation on the same basis as for nonagricultural incomes. Under the constitution, agriculture is, of course, a state subject but it should be possible to reach agreement with the states on this matter, provided the collections are wholly devolved to the states, after deducting the cost of collection.

Managerial remuneration

Distortions at the interface between bargainable employees (who usually enjoy a limited form of virtually automatic indexation in their wages) and supervisory employees (who are less protected), considerations of equity between full-time directors (whose remuneration is subject to government control) and other groups and the need to attract men of high calibre to senior management positions in the private and public sectors and government service require some increase in remuneration levels, at least in part compensation for inflation. As far as full-time directors are concerned, their remuneration in absolute rupee terms has declined by about 50 per cent between 1970 and 1980 and it has been further eroded in real terms to about 20 per cent through inflation. It is also illogical to restrict the remuneration of this group while no restrictions apply to professionals, industrialists, businessmen, traders and agriculturists. The position of public sector managers and government servants is even worse than that of full time directors in the private sector.

Investment pattern for provident and superannuation funds: Provident and pension funds should be permitted to invest up to, say, 50 per cent of their resources in secured debentures which are approved by Government for investment by charitable trusts. This should enable the funds to earn an overall return on their assets in the region of 11 per cent per annum. Assuming a long-term rate of inflation of, say, 8 per cent, in line with the last two decades, this will mean a modest real rate of return of about 3 per cent per annum, an improvement on the current position more than justified by considerations of equity.

Subsidies

A plethora of subsidies has grown over the years with an aggregate cost in the region of Rs 2,000 crores per annum and this is rising steadily. The main subsidies relate to agricultural inputs (such as fertilisers, electricity and water), exports and public distribution of grain. There is no alternative to containing this outgo and it is necessary to reduce the burden progressively over, say, ten years. Fiscal subsidies for investments in backward areas as a means of reducing regional disparities need re-examination from the point of their economic effectiveness. Non-fiscal benefits such as exemption from MRTP restrictions as in Jammu and Kashmir, however, fall in a different category.

Price controls

The price of cement and sugar should be totally decontrolled. In the former case, Government's revenue increase is likely to exceed its higher cost of purchase as a cement user. The disappearance of the parallel market would reduce the incidence of black money.

The impending record production of sugar provides an opportunity for decontrol and for building up a buffer stock in order to smooth out violent price fluctuations.

The control of the prices of several thousand pharmaceutical formulations has proved over the years to be both administratively impractical and unjustifiable on other grounds. If price control is lifted, tax revenues will tend to rise sharpy and a degree of price discipline can be brought about by increasing production through more liberal industrial licensing of additional capacity.

Contributions to political parties

Elimination of price controls, capital gains tax concessions, less restrictive industrial licensing policy and reduction in marginal tax rates should together reduce the scope of the parallel economy. Legalisation of personal and corporate donations to political parties and their deductibility for tax purposes will be another useful instrument for reducing the incidence of black money.

Industrial licensing

A moratorium should be declared for, say, two or three years to start with, on all legislative and administrative restraints on the use of existing capacity whether licensed or not. This will lead to a beneficial impact on the price and foreign exchange front by increasing the supply of goods and at the same time augment government revenues.

It would be desirable to exempt MRTP and FERA companies from the application of the MRTP Act on the J&K pattern in respect of new undertakings proposed for backward districts. Through backward linkages related to the supply of raw materials, ancillaries and services and forward linkages for processing of intermediates in the small and medium sectors, these units with their considerable technical, managerial and financial resources could play a 'nucleus' role, generate employment and build up the small scale sector.

Public deposits

The corporate sector is allowed to accept unsecured deposits from its shareholders and the public to the extent of 35 per cent of its share capital and reserves. This stipulation should be relaxed to 45 per cent, a level which was pernitted in the past. This will reduce the orporate sector's reliance on the banks nd financial institutions for funding heir capital needs. There is no logical ustification for disallowing 15 per cent f the interest payable as a tax deduction and this should be corrected.

New instruments for savings

A cafeteria approach with a variety of instruments designed to meet the needs of different classes of savers will enable resources to be mopped up from the entire community. The changes proposed earlier with regard to contributions to provident funds, LIC policies, *etc* will appeal to those attracted by savings for retirement. Proposals in respect of the investment pattern suggested for provident and superannuation funds will not only ensure equity but will create an active secondary market for secured debentures and augment corporate resources. Relaxation of rules regarding public deposits with companies, debentures mentioned earlier and tax deduction at source for dividends, *etc* should encourage savings from those interested in income rather than capital gain. The restoration of the concession relating to capital gains will be attractive to those with higher incomes and wealth.

Indexed bonds

Two types of indexed bonds may be offered which would have special appeal for some savers. The first should be a new gold bond (gold for indexed rupee bond) with a maturity of ten or fifteen years, repayable in indexed rupees (linked to the wholesale price index) at no interest and exempted, as for 'gold-for-gold bonds' recently redeemed, from income, wealth, gift and capital gains taxes and estate duty. To the extent such an issue is successful, gold will accumulate with the Reserve Bank of India for possible export, if needed. Foreign exchange will thus be available for imports for development purposes in exchange for rupees (albeit at a premium representing the difference between the Indian and foreign price of gold currently about Rs 22 per gramme or 13 per cent of the Indian price). If 5 per cent of the public's stock of gold (this is thought to be in the region of 5,000 tonnes, although reliable estimates are difficult to come by) could be tapped by this instrument over five years, it could amount to approximately Rs 3,500 crores at today's international price of gold. The attractions in comparison with IMF and commercial borrowings are obvious but it is essential to stress the need for prudent deployment of the foreign exchange so generated, if the country's seed corn is not to be frittered away.

The second bond should be sold for rupees (as opposed to gold) and be redeemed in constant rupees with linkage to the Index for Wholesale Prices. It should have a maturity of, say, 10 years, offer no interest but be exempted from income, wealth and capital gains tax (but not gift tax and estate duty recommended in the case of gold bonds mentioned earlier, since the latter will need to be made more attractive, if sizeable quantities of gold are to be mopped up). An individual's contribution may be limited to, say, Rs 5 lakhs. If inflation over the next ten years continues at the same rate as that which prevailed over the last two decades, Government will, in effect, be borrowing these funds at 8 per cent per annum, assuming that the tax concession is ignored. This instrument should attract those in higher income groups who seek a hedge against inflation in the form of real estate, gold, *etc*. If a lakh of persons contribute Rs 1 lakh each, Rs 1000 crores will be mopped up by this means.

The choice of measures proposed is necessarily subjective and does not claim uniqueness or infallibility. Its chief conceptual merit is that it is broadly consistent with the overall thrust of national goals. It seeks to balance conflicting objectives and is intended to be implemented progressively in modest steps over a period of five to ten years, so as to avoid dislocation by upheaval. To the extent it is successful, it should lead to economic growth and the creation of wealth to permit a direct attack on poverty, unemployment, population explosion, *etc*. If the overall direction of steady change over a decade or so is accepted, the need for frequent changes of course in budgetary and other policies should be minimised.

COMMERCE YEARBOOK OF PUBLIC SECTOR 1980-81

An Indispensable Guide to Public Sector

Salient Features

- Public Sector as a whole
- Public Sector in state economies
- Profile of selected public sector undertakings
- New public sector undertakings

PRICE Rs. 125.00

For particulars, please contact:
Publications Manager,
Commerce Publications Limited
Manek Mahal, 90, Veer Nariman Road, Churchgate,
Bombay 400 020.

Phone: 2 5 3 5 0 5

Telex: CORE-011-6915

DOCUMENT

New MFA protocol

AFTER six weeks of intense negotiations starting from 18th November, 1981, a protocol was adopted on December 22, 1981 extending the MFA for a period of 4 years and 7 months until July, 31, 1986. The Indian delegation for the negotiations held at Geneva was led by Mr A. K. Dutt, secretary (textiles) and comprised Mr B. K. Zutshi, Mr B. L. Das and Mr Arif Hussain. Mr M. M. Ratnam, joint director of the Cotton Textiles Export Promotion Council was attached to the delegation as Adviser.

The following is the text of the protocol

THE PARTIES to the Arrangement regarding International Trade in Textiles (hereinafter referred to as "the Arrangement or "MFA").

Acting pursuant to paragraph 5 of Article 10 of the Arrangement, and

Reaffirming that the terms of the Arrangement regarding the competence of the Textiles Committee and the Textiles Surveillance Body are maintained, and

Confirming the understandings set forth in the Conclusions of the Textiles Committee adopted on 22nd December 1981, a copy of which is attached herewith.

Hereby agree as follows:

(1) The period of validity of the Arrangement set out in Article 16, shall be extended for a period of 4 years and 7 months until 31st July, 1986.

(2) This Protocol shall be deposited with the Director-General to the CONTRACTING PARTIES to the GATT. It shall be open for acceptance, by signature or otherwise, by the Parties to the Arrangement, by other governments accepting or acceding to the Arrangement pursuant to the provisions of Article 13 thereof and by the European Economic Community.

(3) This Protocol shall enter into force on 1, January 1982 for the countries which have accepted it by that date. It shall enter into force for a country which accepts it on a later date as of the date of such acceptance.

Done at Geneva this twenty-second day of December, one thousand nine hundred and eighty-one, in a single copy in the English, French and Spanish languages, each text being authentic.

Conclusions of the Textile Committee adopted on December 22, 1981.

(1) The participants in the Arrangement exchanged views regarding the future of the Arrangement.

(2) All participants saw mutual co-operation as the foundation of the Arrangement and as the basis for dealing with problems in a way which would promote the aims and objectives of the MFA. Participants emphasised that the primary aims of the MFA are to ensure the expansion of trade in textile products, particularly for the developing countries, and progressively to achieve the reduction of trade barriers and the liberalisation of world trade in textile products while, at the same time, avoiding disruptive effects in individual markets and on individual lines of production in both importing and exporting countries. In this context, it was reiterated that a principal aim in the implementation of the Arrangement is to further the economic and social development of developing countries and to secure a substantial increase in their export earnings from textile products and to provide scope for a greater share for them in world trade in these products.

(3) Members of the Textiles Committee recognised that there continued to be a tendency for an unsatisfactory situation to exist in world trade in textile products, and that such a situations, if not satisfactorily dealt with, could work to the detriment of countries participating in international trade in textile products, whether as importers or exporters or both. This situation could adversely affect prospects for international co-operation in the trade field and could have unfortunate repercussions on trade relations in general, and the trade of developing countries in particular.

(4) Attention was drawn to the fact that decline in the rate of growth of per capita consumption in textiles and in clothing is an element which may be relevant to the recurrence or exacerbation of a situation of market disruption. Attention was also drawn to the fact that domestic markets may be affected by elements such as technological changes and changes in consumer preference. In this connection it was recalled that the appropriate factors for the determination of a situation of market disruption as referred to in the Arrangement are listed in Annex A.

(5) It was agreed that any serious problems of textile trade falling within the purview of the Arrangement should be resolved through consultations and negotiations conducted under the relevant provisions thereof.

(6) The Committee noted the important role of and the goodwill expressed by certain exporting participants now predominant in the exporting of textile products in all three fibres covered by the Arrangement in finding and contributing to mutually acceptable solutions to particular problems relative to particularly large restraint levels arising out of the application of the Arrangement as extended by the Protocol.

(7) The participants recalled that safeguard measures could only be invoked if there existed a situation of market disruption—as defined in Annex A—or real risk thereof. Noting that Article 6 envisages that in the application of such measures developing countries, especially new entrants, small suppliers and cotton producers shall be given more favourable terms then other countries, the Committee drew particular attention to paragraph 12 below.

(8) With respect to the definition of market disruption contained in Annex A of the Arrangement, participants took due note that difficulties had arisen as to its application in practice, leading to misunderstandings between exporting and importing participants, which have had an adverse impact on the operation of the Arrangement. Consequently, and with a view to overcoming these difficulties, the participants agreed that the discipline of Annex A and the procedures of Articles 3 and 4 of the Arrangement should be fully respected and that requests for action under these Articles shall be accompanied by relevant specific factual information. The participants further agreed that the situation prevailing when such action was requested should be periodically reviewed by the parties concerned, the Textiles Surveillance Body (TSB) being promptly informed of any resulting modifications under the terms of Articles 3, paragraph 9, and/or 4 paragraph 4.

(9) It was recalled that in exceptional case where there is a recurrence or exacerbation of a situation of market disruption as referred to in Annex A, and paragraphs 2 and 3 of Annex B, a lower positive growth rate for a particular product from a particular source may be agreed upon between the parties to a bilateral agreement. It was further agreed that where such agreement has taken into account the growing impact of heavily utilized quota with a very large restraint level for the products in question from

a particular source, accounting for a very arge share of the market of the importing country for textiles and clothing, the exporting party to the agreement concerned may agree to any mutually acceptable arrangements with regard to flexibility.

(10) The view was expressed that real difficulties may be caused in importing countries by sharp and substantial increase in imports as a result of significant differences between larger restraint levels negotiated in accordance with Annex B on the one hand and actual imports on the other. Where such significant difficulties stem from consistently under-utilized larger restraint levels and cause or threaten serious and palpable damage to domestic industry, an exporting participant may agree to mutually satisfactory solutions or arrangement. Such solutions or arrangements shall provide for equitable and quantifiable compensation to the exporting participant to be agreed by both parties concerned.

(11) The Committee recognised that countries having small markets, an exceptionally high level of imports and a correspondingly low level of domestic production are particularly exposed to the problems arising from imports causing market disruption as defined in Annex A, and that their problems should be resolved in a spirit of equity and flexibility in order to avoid damage to these countries; minimum viable production of textiles. In the case of those countries, the provisions of Article 1, paragraph 2, and Annex B, paragraph 2, should be fully implemented. The exporting participants may, in the case of countries referred to in this paragraph, agree to any mutually acceptable arrangements with regard to paragraph 5 of Annex B, special consideration in this respect would be given to their concerns regarding the avoidance of damage to these countries' minimum viable production of textiles.

(12) The participating countries were conscious of the problems posed by restraints on exports of new entrants and small suppliers, as well as on exports of cotton textiles by cotton producing countries. They re-affirmed their commitment to the letter and intent of Article 6 of the Arrangement and to the effective implementation of this Article to the benefit of these countries.

To this end they agreed that:

(a) Restraints on exports from small suppliers and new entrants should normally be avoided. For the purposes of Article 6, paragraph 3, shares in imports of textiles and those in clothing may be considered separately.

(b) Restraints on exports from new entrants and small suppliers should, having regard to Article 6, paragraph 2, take due account of the future possibilities for the development of trade and the need to permit commercial quantities of imports.

(c) Exports of cotton textiles from cotton producing exporting countries should be given special consideration. Where restraints are applied, more favourable treatment should be given to these countries in terms of quotas, growth rates and flexibility in view of the importance of such trade to these countries, having due regard to the provisions of Annex B.

(d) The provisions of Annex B relating to exceptional circumstances and cases should be applied sparingly to exports from new entrants, small suppliers and trade in cotton textiles of cotton producing developing countries.

(e) Any restraints envisaged on exports from new entrants, small suppliers and cotton textile producing countries shall take into account the treatment of similar exports from other participants, as well as non-participants in terms of Article 8, paragraph 3.

(13) The Committee recalled that consideration is to be given to special and differential treatment which should be accorded to trade referred to in Article 6, paragraph 6.

(14) Participants agreed to co-operate fully in dealing with problems relating to circumvention of the Arrangement, in the light of the provisions of Article 8 thereof. It was agreed that, the appropriate administrative action referred to in Article 8, paragraph 2, should in principle, where evidence is available regarding the country of true origin and the circumstances of circumvention, include adjustment of charges to existing quotas to reflect the country of true origin; any such adjustment together with its timing and scope being decided in consultation between the countries concerned, with a view to arriving at a mutually satisfactory solution. If such a solution is not reached any participant involved may refer the matter to the TSB in accordance with the provisions of Article 8, paragraph 2.

(15) In pursuance of the objective of trade liberalization embodied in the Arrangement, the Committee reaffirmed the need to monitor adjustment policies and measures and the process of autonomous adjustment in terms of the provisions of Article 1, paragraph 4. To this end, the Committee decided that a Sub-Committtee should be established to carry out activities previously performed by the Working Group on Adjustment Measures and to make a periodic review of developments in autonomous adjustment processes and in policies and measures to facilitate adjustment, as well as in production and trade in textiles, on the basis of material and information to be provided by participating countries. The Sub-Committee would report periodically to the Textiles Committee to enable that Committee to fulfil its obligations under Article 10, paragraph 2.

(16) Participating countries reaffirmed their commitment to the objectives of the expansion of trade, reduction of barriers to such trade and the progressive liberalization of world trade in textile products, while recognizing that these objectives also depend importantly upon matters outside the scope of the Arrangement, such as the reduction of tariffs.

(17) In the context of the phasing out of restraints under the Arrangement, priority attention would be given to sectors of trade, e.g., wool tops, and suppliers for which the Arrangement provides for special and more favourable treatment as referred to in Article 6.

(18) The participants reaffirmed the importance of the effective functioning of the two organs of the Arrangement, the Textiles Committee and the TSB, in their respective areas of competence. In this context, the participants emphasized the importance of the responsibilities of the TSB as set forth in Article 11 of the MFA.

(19) The participants also reaffirmed that the role of the TSB is to exercise its functions as set out in Article 11 so as to help ensure the effective and equitable operation of the Arrangement and to further its objectives.

(20) The Committee recognized the need for close co-operation among participants for the effective discharge of the TSB's responsibilities.

(21) The participants also noted that, should any participant or participants be unable to accept the conclusions or recommendations of the Textiles Surveillance Body, or should, following its recommendations, problems continue to exist between the parties, the procedures set forth in Article 11, paragraphs 8, 9 and 10 are available.

(22) The participants reaffirmed the importance of Article 7 to the effective operation of the Arrangement.

(23) It was felt that in order to ensure the proper functioning of the MFA, all participants should refrain from taking measures on textiles covered by the MFA, outside the provisions therein, before exhausting all the relief measures provided in the MFA.

(24) Taking into account the evolutionary and cyclical nature of trade in textiles and the importance both to importing and exporting countries of prior resolution of problems in a constructive and equitable manner for the interest of all concerned, and on the basis of the elements mentioned in paragraphs 1 to 23 above, which supersede in their totality those adopted on December 14, 1977, the Textiles Committee considered that the Arrangement in its present form should be extended for a period of 4 years and 7 months subject to confirmation by signature as from 22nd December 1981 of a Protocol for this purpose. (*see also pages* 3 *and* 34)

Instead of regrets, may we suggest prevention.

In India, fire destroys property and goods worth Rs.3 crores every day. Over a thousand people die and several lakhs are injured or incapacitated every year.

Apart from the loss of life and property, equipment and material lost take time to replace. Production is badly affected, the market is lost to competition, workers face unemployment and goodwill of business developed over years is suddenly jeopardised.

The sad part of it all is that most fires are preventable. They can be foreseen and their damage potential minimised.

Make Loss Prevention a way of life. At home, on the road, in the factory and office. We, at LPA, are committed to the prevention and minimisation of losses. But we can only offer our help. You must act.

Prevent losses; promote prosperity.

LPA

LOSS PREVENTION ASSOCIATION OF INDIA LTD.

(Sponsored by the General Insurance Industry) Warden House, Sir P.M. Road, Bombay 400 001.

सुरक्षैव समृध्दये

CASLPA 36-254

Management

Educating for management

By MANISH NANDY

AS we make larger and larger investments in management education, it becomes more and more important to reexamine our fundamental assumptions. Practical managers, who are inclined to ask hard questions before making up their mind in other areas, seem somehow content to float with the stream in this area. They somehow feel themselves beyond their depth, strive warily to confine themselves to banalities in a discussion, and in the end fall in line with what the 'experts' are proposing and doing.

This of course is a colossal error. Management is too important to be left to management academicians. They may have important insights; they may even have conceptual frameworks which could be useful analytical devices in daily work. But they certainly have no intimacy with the nittygritties of life, the abrasive reality of the world of work. It is the practising managers who have to work and produce results—and therefore reserve the final judgement on what is or is not useful for the process. In the final analysis, they have to decide what management is and what education can contribute to it.

It seems to me perfectly clear that the vast majority of good-intentioned managers support management because they believe that, in whatever mysterious way, people who go through it acquit themselves better as managers. This presumed superiority is in terms of performance. That is, they believe the functions managers discharge are discharged better if the performers have been educated in management. In this view, the rationale of management education derives from its capability to add certain skills to a manager. All said and done, this is the major expectation with which organisations hire people with management degrees, and even occasionally send out their managers for long programmes in the country and overseas.

Now, if this is the major expectation, it is destined to remain unfulfilled. Our entire system of management education is totally unequipped to meet such an expectation. It is not even a question of failure to deliver the intended results. Anybody faintly familiar with the system knows that it is not even designed to develop skills—at least skills the students could be reasonably expected to display in a foreseeable period. A few institutes and universities make a limited effort to equip their students with skills in areas like public speaking or statistical analysis. But by and large skill development is not a primary concern of our management education.

The point becomes clearer if one remembers the distinction between knowledge and skill, and identifies what contributes to each. Knowledge is acquired through a cognitive or intellectual process; classically it takes the form of a more knowledgeable person conveying it to a less knowledgeable one through a lecture. To help the student's understanding or retention, the instructor may add to his listening some visual aids, from a blackboard to a video system, but essentially the student is gaining some facts or some principles. He or she is not gaining the ability to use those facts or principles for meaningful purpose, like making a decision or solving a problem.

In sharp contrast to this, skill comes only from practice. To be skilled in anything, one must do it repeatedly — preferably while a monitor watches the performance, corrects the wrong actions and reinforces the right ones. To be skilled is to be able to do something, and is quite different from being knowledgeable. You can be a good compounder, whether in a medical dispensary or a chemical plant, purely on the strength of past compounding experience, without understanding the principles of compounding. Certainly, understanding those principles can make you a better compounder; but that understanding is neither necessary nor sufficient for your skill.

Where is the stress in our management education? The bulk of the activity is in the numerous management departments of universities that run their show with erstwhile teachers of commerce or economics. The same pattern obtain basically in the institutes of management, except that the instructors usually have foreign qualifications and somewhat better rewards. Naturally the instructional approach is the same as in other departments of the university: Pass on a body of knowledge which the instructors have gathered from texts and their own instructors. Equally naturally, at the end of such instruction, their students would have no greater capacity to manage an organisation than our typical graduate in economics would have to advise an Arab oilman or French banker. Their education, whatever their pretension, was never designed to achieve that.

The moment you say this, the votaries and beneficiaries of the present system aggressively counter that management education is expected to 'educate' and not 'train'. I believe this defence to be tantamount to an admission of culpability, for it allows that the management graduate will have to undergo a further long process of training to be at all useful. But, worse still, it implies a pernicious view of education as something that has to be remote and exotic, without relevance for organisational life. Such management education can be of scant interest to the world of practical management, and it is a fraud to foist its products on naive organisations with spurious claims of their special capability. It is a fraud on the students themselves too, for they are only half-baked managers, with a tenuous grasp of legion principles but few applicable skills, who have been sent out into the world with expectations of achievement that cannot be fulfilled—and, given any justice in the world, should not be fulfilled till they do their apprenticeship in commensurate skills.

And the inequity persists and flourishes because organisations enter the manpower market with the foggiest notion of what they require: they need skills and perhaps some knowledge, backed of course by right attitudes, but have learnt only to ask for glamorous degrees.

BOOKS & IDEAS

Analysing growth theories

Economics of Regional Development and Planning in Third World Countries

By S. C. Patnaik

Associated Publishing House, New Delhi, 1981; *Pages* 177 + xii; *Price Rs* 70.

In recent times, there has been a great upsurge of interest in the field of regional development and planning as an operational technique of national economic development in the developing countries of the Third World, though these countries are late starters in this regard. But, there is dearth of relevant literature on the subject. Most of the existing literature on regional economics and planning is confined to the urban-biased developed countries of the West which has its own merit and excellence, but it is unsuitable to the rural-biased Third World countries.

In view of the paucity of appropriate material on the subject, one must appreciate the efforts of Dr Patnaik in making an attempt to examine the relevant growth theories, concepts, techniques and strategies, in the context of the Third World countries. He has tried to articulate regional problems in the rural environments of the Third World countries and demonstrate the applicability of the experience of the developed countries of the West in the field of town and regional planning and frame an alternative strategy of development for the Third World countries.

The book comprises nine chapters. In chapter 1 on dualism in economic development, the author presents a brief account of selective growth theories to explain the phenomenon of economic divergence on space regional inequality or inter-regional dualism in the Third World countries. In the second chapter, the emergence of space as a dimension of development has been discussed and an awakening in the nature of growth economics from its traditional non-spatial characteristic to spatial character in modern times is visualised. The concept of space and typology of regions is explored in chapter 3. Different regional typologies viz homogenous region, polarised region and programming region have been well explained along with an examination of a broad pattern of regional typology for the Third World countries, covering various types like backward agricultural regions, resource-based regions, manufacturing regions, and peripheral regions in the developing countries.

In chapter 4 the author briefly discusses regional planning in perspective in developed countries of the West and in the less developed countries of the Third World. In chapter 5 theories of regional planning: Perroux's model, central place theory, Friedman's stages theory, and growth foci in the context of Third World environment have been successfully examined. In chapter 6, the author gives techniques of regional analysis for understanding the functioning of a regional system, which include forecasting techniques, model building, industrial location analysis, shift and share analysis, economic base analysis, regional multiplier analysis, input-output analysis, social accounting, and Gravity model for analysing spatial interactions. It is followed by a review of techniques of regional planning, in chapter 7. It examines issues like cost-benefit analysis, planning balance sheet, planning, programming and budgeting analysis, threshold analysis, and Warsaw Optimisation Method. Section of Threshold analysis is well written, especially the concept of investment-cost curve is lucidly explained.

Chapter 8 entails a good discussion on regional problems and prospects in India. The present reviewer has a feeling that it would have been better and more appropriate and illuminating if the issue had been dealt with in the light of the latest figures of seventies rather than sixties. Furthermore, the author's suggestion of the seven-tier regionalisation scheme for micro-level village planning based on the Chinese experience holds some water and should have been elaborately exposed.

In the last chapter, the author experiments in articulating the nature of regional problems in sectoral and inter-sectoral terms, identifying their linkages or their absence in Third World countries, by poignantly showing the formal and informal sector relationship both in urban and rural areas and its exploitative character. A development strategy for inducing a more integrated and non-exploitative national spatial structure has been evolved at the end.

On the whole, the book furnishes a scholarly treatment at both theoretical and operational levels in the field of regional planning of rural-biased economies. It will serve as a good reference book to the students at post-graduate level and others interested in the subject of regional planning.

D. M. Mithani

Eurobond market and the Arabs

IN an article in *The Asian Wall Street Journal,* Mr Omar Kassem, deputy chief executive, Al-Mal Group, discusses the role of the Arab oil producing states in the Eurobond market. He points out that the Kuwait Investment Company, Kuwait International Investment Company and Kuwait Foreign Trading Contracting and Investment Company (the three K's) emerged as a visible force in the Eurobond market at the same time as the first oil price boom (in 1974). Within a few years this impact of Arab financial institutions on the Eurobond market was not there.

Mr Kassem says: "Two things became clear from the reaction to this initial surge in Arab underwriting of euro-bond issues. Firstly, it was assumed that the participation by these houses was dependent upon government surpluses in the oil producing states, and secondly, such participation was regarded as being of little or no value to the development of the market.

"Nevertheless, the number of Arab investment banks continued to grow, with the other oil producers in the Gulf emulating the progress of the Kuwaiti financial institutions.

f the participation of Arab houses n the underwriting business drop- ed after 1976, neither was it be- ause they depended on government urpluses nor because these sur- luses declined, but rather because s the market improved over the eriod of recession, the leading firms n the euro-bond market neglected o involve them. The Arab investment banks had not by that time developed an independent corporate finance capability that would allow them to maintain their own position in the market, and if their participation was not regarded as being of value by US or European houses, there would have been little chance of their inclusion to any substantial degree in a good market.

"The KD bond market with a total "float" today of almost $2 billion has to be said to be an exciting development by any standards, and has helped to put the "three K's" ar ahead of other Arab investment banks in the bond business. Unfortunately, however, the KD bond market is a fairly restricted area of activity, and despite their growing participation in the US dollar sector of the euro-bond market these houses failed to have any significant impact in those other areas. Until recently, the lack of a corporate finance capability has not been remedied, and although by the late '70s the various market leaders encouraged more and more the involvement of Arab houses in new issues, this hiatus in the structure of Arab bond houses meant that partnership of US or European houses had to be sought even on certain KD bond issues.

"Bond issues whose syndication has been limited to the Middle-East usually become untradeable, and the secondary market price would often be at a discount to a similar issue done in Europe. Unfortunately, these results, in the eyes of the international financial community, have condemned the ability of Arab houses to carry out a new issue activity in a professional manner, whereas what in fact should be condemned is the attitude of the community itself. Such results should be viewed in the perspective of the euro-bond market as a whole, and what is clearly evident is the illiquidity of euro-bonds in general as compared with, for instance, the US corporate bond market. The politics of placement in the euro-bond new issue market are far enough removed from the criteria of pure competition to produce this obvious difference with the US markets and to turn most euro-bond issues into quasi-private placements. The treatment of the Arab bond houses that I have described is therefore nothing out of the ordinary.

"However, the euro-bond market develops, and whether or not **Arab houses** are allowed to stray from financial ghetto, quite clearly their leadership can only be based on a considerable improvement in corporate financial capabilities. Increased competition and less market segmentation would undoubtedly improve the euro-bond market for the world borrowing community as well as for end investors. But interestingly enough such competition is likely to come from a different and newer breed of Arab investment company, namely, those emerging from the private sector in the Gulf and without necessarily any government backing."

BOOKS RECEIVED

An Integrated Approach to Pricing & Marketing of Agricultural Produce by Bhanu Pratap Singh, published by Forum of Free Enterprise, Bombay 400 001, Pages 20, Price not mentioned.

A new Approach to Overcome Constraints on Private Sector by R. D. Aga published by Forum of Free Enterprise, Bombay-1, Pages 20, Price not mentioned.

"The New Class" in a State-Dominated Economy by M. H. Mody, published by Forum of Free Enterprise, Bombay-1, Pages 16, Price not mentioned.

Market Behaviour of Cigarette Tobaco by Dr P. Purshottam, Indian Institute of Management, Ahmedabad, published by Rainbow Publications, 471, M. T. P. Road, Coimbatore 641 011, Price Rs 60, Pages 266.

The Dynamics of a Tradition : Kasturbhai Lalbhai and His Entrepreneurship by Davijendra Tripathi, published by Ramesh Jain, Manohar Publications, 2, Ansari Road, Daryaganj, New Delhi 110 002, Price Rs 80, Pages 243.

Kashmir Handicrafts Export Trade Directory by the Kashmir Chamber of Commerce and Industry, Srinagar, published by The Kashmir Chamber of Commerce and Industry, Srinagar 190 001, Price Rs 20, Pages 146.

The Backward Classes and New Social Order by Andre Beteille, published by Oxford University Press, 2/24, Ansari Road, Daryaganj, New Delhi 110 002, Price Rs 12, Pages 52.

A Guide to Industrial Licensing in India, by V. P. Arya, published by Iyengar Consultancy Services, (Publications Division), Post Box 2817, New Delhi, Price Rs 90, Pages 346.

Development Co-operation — Efforts and Policies of the Members of the Development Assistance Committee, by John P. Lewis, published by Organisation for Economic Co-operation and Development, 2, rue Andre-Pascal, 75775, Paris CEDEX 16, France.

THE HINDU
SURVEY OF
INDIAN INDUSTRY 1981
(To be published in February 1982)

THE HINDU Survey of Indian Industry has for the past 27 years been accepted as the most comprehensive review of industrial and economic development in India. Written by THE HINDU's Special Correspondents, leading industrialists and experts in various fields, the articles in the Survey are illustrated by a number of charts and photographs. You will find in the Survey the same high standards of authenticity and journalistic quality as in THE HINDU.

Price Rs. 6/- (through news agent)
Price inclusive of postage
and packing ... Rs. 12/-

(payable in advance by M.O. or Demand Draft on a bank in Madras, favouring "KASTURI & SONS LTD.")

Order your copy with your news agent or write to:
The Circulation Manager, THE HINDU,
Madras-600 002.
maa HIN 54

(THIS IS ONLY AN ANNOU

ELECON ENGINEERIN

(Incorporated on 11th January, 1960 under the Companies Act,

ANNOUNCEMENT REGARDING THE PUBLIC
DEBENTURES OF RS. 1

Applications have been made to the Stock Exchanges at Ahmedabad and Bombay for pe

---

**THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEM
AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON THURSDAY,
DIRECTORS OF THE COMPANY BUT NOT BEFORE THE CLOS**

Brief History and Business Activities

The Company was incorporated on the 11th day of January, 1960 as a Private Company limited by shares under the Companies Act, 1956,for objects inter alia, to take over the business carried on by the then sole Proprietory Concern known as Messrs Elecon Engineering Company owned by Shri B. I. Patel. The business assets, liabilities and goodwill of the said Proprietory Concern were taken over by the Private Company with effect from 20th October, 1960.

The Company soon after taking over the business of the said Sole Proprietory Concern as aforesaid commenced the business of manufacture of all kinds of Mechanical Handling Equipments such as Bucket Elevators, Belt Conveyors, Gravity Roller Conveyors, Slat Conveyors and other machineries.

The Company was converted into Public Company by a Special Resolution passed by the Shareholders of the Company at an Extraordinary General Meeting held on 26th September, 1961 and a fresh certificate of change of name was issued on 28th November, 1961.

Initially the Company's operations were carried on at Goregaon in Greater Bombay, Maharashtra. In 1962 the Company commenced its operations at its present location at Vallabh Vidyanagar in Kheda District, Gujarat. The Company finally ceased its operations at Goregaon in 1966.

Presently, the Company is mainly engaged in the manufacture and supply of Material Handling Equipments and Gears.

During the last few years the Company's manufacturing operations in the Material Handling Equipment Division have shifted from the manufacture of conventional Material Handling Equipments to highly specialised Material Handling Equipments and it now undertakes the manufacture of very large capacity Conveyors, Rail-mounted Trippers, Transfer-feeders and Crawler-mounted Trippers which are required for Lignite Mines.

In its Gear Division, the Company manufactures a wide range of Worm Reduction Gears, Helical Gears and Spiral Bevel Helical Gears. The Company's main customers are Core Sector Industries like Iron Ore Mines, Coal Mines, Thermal Power Stations, Cement Plants, Fertilizer Plants, Port Trusts and Chemical Industries.

In the year 1976, the Company set up an ultra-modern facility for the production and testing of Worm, Helical and Spiral Bevel Helical Gears. It has adapted and developed the technology of case carburised hardened and ground gears acquired by it from TGW-Thyssen Getriebe Und Kupplungswerke, GmbH, West Germany, and can be looked upon as being a leader in this technology in India.

Subsidiary

In the year 1979, the Company acquired 100% shareholding in Chitraj Engineering Company Private Limited, Madras, with a view to augmenting production facilities for the manufacture of material handling equipment to meet the growing demands for the Company's products in Southern India.

Location

The Company's existing Works are located at Vallabh Vidyanagar in Kheda District of Gujarat State. Vallabh Vidyanagar is located on broad gauge railway line running between Anand and Cambay on the Western Railway. The factory site is located approximately 8 kilometres from the National Highway between Ahmedabad and Baroda. The Company proposes to have its own railway siding at Vallabh Vidyanagar in order to facilitate free movement of raw materials and finished products

Project

The present project of the Company consists of a modernisation and expansion scheme, the total estimated cost of which is Rs 1850 lacs

(a) Modernisation Scheme

The Company's manufacturing facilities in the Material Handling Equipment and Gear Divisions have been built up over the years and due to the limited technical capabilities and ageing of certain equipments, the Company at present is unable to attain the desired level of production. With a view to bringing the technical capabilities of the various production shops to the desired level, the Company has embarked upon a Modernisation Scheme in both the Divisions. The Modernisation Scheme also envisages a rationalised plan to renovate the Company's building facilities wherein the present equipments are housed.

(b) Expansion Scheme

Simultaneously with the implementation of the Modernisation Scheme, the Company has embarked upon an Expansion Scheme for implementing the Industrial Licences received for substantial expansion of the following capacities:

(1) Manufacture of Troughing Idlers, Return Rollers, Belt Conveyors, Screw Conveyors, Chain Conveyors and Bucket Elevators from 6,000 tonnes per annum to 10,000 tonnes per annum.

(2) Manufacture of Wagon Marshalling Equipment from Rs. 50 lacs per annum to 300 tonnes per annum and

(3) Manufacture of Worm Reduction Gears and Helical Gears up to 10,000 Nos. per annum and 2,500 Nos. per annum respectively

Prospects

The Company is an established Company which has had a steady and consistent growth record since its incorporation in 1960. It is the leading manufacturer in the field of Materral Handling Equipments and Case Carburised Hardened and Ground Helical and Spiral Bevel Helical Gears — its products being widely used and well received by its customers in this country for their superior quality and technological innovations: The demand for its products has been growing continuously and at present, the Company has orders on hand amounting to Rs. 7,470 lacs.

The Company has had a good record of profit in the past. The Company's operating profit before tax for the year ended 31st December, 1980, amounted to Rs. 156.08 lacs and the Net Profit after tax to Rs. 123.38 lacs, representing an annual return of 96% and 76% respectively on the paid-up Equity Capital of Rs. 162 lacs. The Company paid a dividend of 18% on the Equity Capital and 9.8% on Preference Capital aggregating to Rs. 31.51 lacs for the year and ploughed back Rs. 215.48 lacs into business, comprising Rs. 29.39 lacs retained profits, Rs. 62.48 lacs as Investment Allowance Reserve and Rs. 123.61 lacs Depreciation.

The Company's turnover during the first six months of the current year has amounted to Rs. 1590 lacs as against Rs. 1099 lacs for the same period in the previous year, representing an increase of 44.68%.

The Modernisation and Expansion Schemes would enable the Company to further extend its growth into a core sector industry and improve quality and productivity

The Company has made a Bonus issue in the ratio of 1 Equity Share for every 2 Equity Shares held by the members on 26th May, 1981

Based upon the Company's past and current performance and taking into account the present Project, the Directors are of the opinion that, barring unforeseen circumstances, the Company can look forward to a sustained and continuous growth, and would be in a position to pay reasonable dividends on the enhanced capital arising out of the issue of Debentures and the conversion option available to the Financial Institutions

FINANCIAL HIGHLIGHTS (Rs. in lacs)

	Financial years ended on 31st Dec. 1976	1977	1978	1979	1980	6 months ended 30th June 1981
Income	1520.30	2222.32	2274.12	2854.26	3022.12	1590.15
Profit before Investment allowance and tax	208.50	395.61	397.24	349.37	156.08	106.67
Equity Share Capital	162.00	162.00	162.00	162.00	162.00	243.00
Dividend (%)	14%	17%	17%	18%	18%	NA

SHARE CAPITAL

	Nominal value Rupees
Authorised:	
45,00,000 Equity Shares of Rs. 10 each	4,50,00,000
24,000 9.8% Cumulative Redeemable Preference Shares of Rs. 100 each	24,00,000
2,60,000 Unclassified Shares of Rs. 10 each	26,00,000
	5,00,00,000
Issued, Subscribed and Paid-up:	
24,30,000 Equity Shares of Rs. 10 each	2,43,00,000
24,000 9.8% Cumulative Redeemable Preference Shares of Rs. 100 each	24,00,000
	2,67,00,000

Objects of the Issue

The object of the present issue is to provide part of the finance to meet the capital outlay of the Modernisation and Expansion Schemes described earlier.

Present Issue of Convertible Secured Debentures

5,50,000 13.5% Convertible Secured Debentures of Rs. 100/- each	Rs. 5,50,00,000

Out of the aforesaid 5,50,000 13.5% Convertible Secured Debentures of Rs. 100/- each of the aggregate nominal value of Rs. 5,50,00,000/- which are offered for subscription for cash at par in terms of this Prospectus —

(i) 2,43,000 13.5% Convertible Secured Debentures of Rs. 100/- each of the aggregate nominal value of Rs. 2,43,00,000/- are offered on a preferential basis to the Equity Shareholders of the Company whose names appear on the Register of Members as on 15th December, 1981. The Board shall allot to them the Debentures as nearly as possible in the ratio of one Debenture for every ten Equity Shares held by the Equity Shareholders, as on that date, fractions being ignored.

(ii) 27,500 13.5% Convertible Secured Debentures of Rs. 100/- each of the aggregate nominal value of Rs. 27,50,000/- are offered on preferential basis to the Company's employees, Directors and business associates, subject to the condition that in the event of oversubscription to the Debentures offered on preferential basis as aforesaid, the Board shall in consultation with the Stock Exchange at Ahmedabad allot Debentures to them on an equitable basis having due regard to the number of Debentures applied for, by them.

Now offered for subscription to the public for cash at par

2,79,500 13.5% Convertible Secured Debentures of Rs. 100/- each	Rs. 2,79,50,000

The unsubscribed portion of the Debentures offered on preferential basis to the Equity Shareholders, employees, Directors and business associates as mentioned hereinabove will be offered to the public

Terms of Payment

Rs. 50/- per Debenture on application
Rs. 50/- per Debenture on allotment

Terms of Issue

The Debentures now being offered are subject to the Memorandum and Articles of Association of the Company, the terms of the Prospectus and the Application Form.

The terms and conditions of Debentures, inter alia, are as follows:

Value

The Debentures are of the face value of Rs. 100/- each.

Interest

The Debentures will carry interest at the rate of 13.5% per annum (subject to deduction of taxes at the rate for the time being prescribed under the Income-tax Act, 1961 or any statutory modification or re-enactment thereof for the time being in force) on the amount for the time being outstanding thereon.

Provided however, that if:-

(a) in any financial year, the Company declares dividend on its Equity Capital at a rate exceeding 15% per annum

OR

(b) in the event of any bonus issue by the Company having been made after the date of filing of the Prospectus, the Company declares in any financial year dividend at a rate on the enhanced Equity Capital resulting from such bonus issue, which would work out to a rate exceeding 15% on the original share capital as on the date of filing of the Prospectus:

the Company shall pay to the registered Debenture holders in such financial year an additional interest of 1% on the principal amount of the Debentures outstanding from time to time during such financial year.

Conversion and Redemption

55% of the face value of each Debenture of Rs. 100 held by the holder thereof shall, carry an obligation on the Company, to issue two Equity Shares of Rs. 10 each credited as fully paid-up at a premium of Rs. 17.50 per share upon adjustment and appropriation of an equivalent sum out of the nominal value of Debentures of Rs. 100 without any further act or application by the Debenture holder and the Company shall issue and allot the same to the Debenture holder at the end of one year from the date of allotment.

The Debenture holders shall be entitled to receive interest at the rate and in the manner aforesaid on the full face value of the Debenture of Rs. 100 up to the date the Company issues and allots the said Equity Shares.

After issue and
as aforesaid th
interest at the
mentioned he
the face value
from time to t
Equity Shares
with effect fro
have the right
other distribu
commencing
and shall not
dividend in re
interest has b
Save as afores
shall rank par
Equity Shares
all respects.

The Debentur
by payment o
Rs. 45 in five
Rs. 9 each on
of the 8th, 9
from the d
the Debentur

In the event c
any portion c
Bonus Shares
Share Capital
allotment of
appropriation
the face valu
as referred to
Equity Shares
against each
appropriation
subject to the
Capital Issues
same propor
shall take pla
Capital of the
the issue of B
premium sha

Security

The Debentu
movable and
Company by
and charge m
the Prospect

Board of

1. **Shri Bha**
   (Chairm
2. **Mahen**
   (Whole
3. **Ranjit V**
4. **Bhogila**
5. **Jayanti**
6. **Pradip**
7. **Yezdi H**
8. **Manha**
9. **Upendr**
10. **Mullap**

Company S

Shri Suresh
Opposite Wa
Vallabh Vidya

Registered

Anand-Sojitr
Vallabh Vidy

Auditors:

Thakorebha
Hari Nivas, O
Navsari 396

Advocates

M. G. Doshi
Ahmedabad

Principal B

Ishwarlal M
Exchange To
Bombay 400

Bankers to

State Bank
Station Road

Registrars

Manageme
Alembic Ch
Limited, Ale

Agent and holders of

State Bank
Bombay San
Bombay 400

everest/81/EEC/887

NOT A PROSPECTUS)

G COMPANY LIMITED

. Office: Anand – Sojitra Road, Vallabh Vidyanagar 388 120.

OF 5,50,000-13.5% CONVERTIBLE SECURED
CH FOR CASH AT PAR

deal in and for an official quotation of the Convertible Debentures now being issued.

NKING HOURS ON MONDAY, THE 4TH JANUARY, 1982
JANUARY, 1982 OR EARLIER AT THE DISCRETION OF THE BOARD OF
ING HOURS ON WEDNESDAY, THE 6TH JANUARY, 1982.

---

uity Shares
pay
anner
amount of
utstanding
of the
otted shall
otment
nd and
d
allotment
eive any
d for which
ebentures.
ty Shares
hen existing
n

able at par
balance of
lments of
the expiry
12th year

ipitalising
issuing
Equity
e the
stment and
sum out of
e of Rs. 100
number of
allotted

, shall,
ontroller of
led in the
mentation
ty Share
quent upon
he
ro tanto.

against the
erties of the
Mortgage
et out in

hai Patel
ector)
el

el
hah

oshit
ai Patel
Prasad

atel
oad,

Butala,

ssy Market,

210, Stock
Fort,

ion of
mpany
a 390 003

he
es:
anch,

Underwriters:

The 5,50,000 Debentures of Rs 100 each presently offered for subscription for cash at par have been fully underwritten by:

Names and Addresses of Underwriters:

A. Financial Institutions/Insurance Companies

The Industrial Credit and Investment Corporation of India Limited (ICICI). 163, Backbay Reclamation, Bombay - 400 020.

Industrial Development Bank of India, (IDBI), Nariman Bhavan, 227, Vinay K. Shah Marg, Bombay - 400 021

Industrial Finance Corporation of India (IFCI), 16, Parliament Street, New Delhi - 110 001.

Life Insurance Corporation of India (LIC), Yogakshema, Jeevan Bima Marg, Bombay - 400 021

Unit Trust of India (UTI), 13, Sir Vithaldas Thackarsey Marg, Bombay - 400 020.

General Insurance Corporation of India (GIC), Industrial Assurance Building, Churchgate, Bombay - 400 020.

National Insurance Company Limited (NIC), 3, Middleton Street, Calcutta - 700 071

The New India Assurance Company Limited (NIA), 87, Mahatma Gandhi Road, Bombay - 400 023.

The Oriental Fire and General Insurance Company Limited (OFGL), Oriental House, A25/27, Asaf Ali Road, New Delhi - 110 002.

United India Insurance Company Limited, (UII), 24, Whites Road, Madras - 600 014.

B. Bank/Investment Company

State Bank of India, Bhadra, Ahmedabad 380 001

Industrial Investment Trust Ltd., 61, Bombay Samachar Marg, Bombay 400 023.

C. Brokers (Also Brokers to the Issue)

Ahmedabad

Arvindbhai Amratlal Haji, Manek Chowk. **Champaklal Bhailal Chokshi,** Near Share Bazar, Manek Chowk. **Chandrakant Keshrisinh,** 2209, Manek Chowk. **Chimanlal Lalbhai,** 2286, Manek Chowk, **Chinubhai Chimanlal Dalal,** Ratan Pole, Manek Chowk. **Chinubhai Senabhai Shah,** Manek Chowk. **Gordhandas N. Gupta,** Anandji Kalyanji Bldg., Opp. Dhana Suthar Pole, Relief Road. **Jayantilal Keshavlal Shah,** 10, Stock Exchange Building, Manek Chowk. **Kalidas K. Shah,** Manek Chowk. **Kalyanbhai Mayabhai,** 2242 Mahurat Pole, Manek Chowk. **Kantilal Motilal Shah,** Manek Chowk. **Krishnakant K. Dalal,** Manek Chowk. **Laxminarayan Nathulal Gupta,** 2nd floor, Manek Chowk. **Nareshchandra Lalbhai Parikh,** Manek Chowk. **Popatlal Harilal Khandwala & Company,** Rupawala Bldg., Manek Chowk. **Rajesh N. Jhaveri,** Stock Exchange Bldg., Manek Chowk **Rasikalal Trikamlal,** 469, Shantinath's Pole, Kalupur **Ratilal Mansukhlal Parikh,** 2221/3, Opp Stock Exchange, Manek Chowk. **Sarabhai Lalbhai,** 15, Stock Exchange Bldg., Manek Chowk **Saurin Babubhai Parikh,** C/o. Trikamlal Dahyabhai, Opp Share Bazar, Manek Chowk

Bangalore

Alan J. Chaves, 19/3, Cunningham Road **Bhagya & Co.,** No. 8/4 National High School Road. **Jahgirdar & Co.,** 21, Second Main Road, Seshadripuram **L. K. S. Murthy & Co.,** 17, K. G. Road **Lokkur & Co.,** K. G. Road **M. Nanjappaiah Jahgirdar,** 205, K Kamaraj Road **Satyaprakash & Co.,** 3rd floor, Indian Bank Building, Kempegowda Road **Vijai & Company,** 9, Eleventh Main Road, Malleswaram

Bombay

Ajitkumar Chatrabhuj Kamdar, Stock Exchange Towers, 4th floor, 32, East Wing, Dalal Street **Alkesh Dinesh Mody,** 924, Stock Exchange Towers, Dalal Street. **B. R. Raheja,** Stock Exchange Towers, West Wing, 4th floor, Dalal Street. **Bhupendra Champaklal Devidas,** Bhupen Chambers, Dalal Street **Bhupendra Meghji Bheda,** 501, Stock Exchange Towers, Dalal Street. **Bisheswarlal N. Khandelwal,** Central Bldg., Dalal Street. **Chimanlal J. Dalal & Co.,** 606, Stock Exchange Towers, Dalal Street. **Chimanlal Maneklal,** 45, Tamarind Street, 1st floor. **Chimanlal Mohanlal Shah,** 721, Stock Exchange Towers, Dalal Street. **D. S. Purbhoodas & Co.,** 1107, Stock Exchange Towers, Dalal Street. **Dalal & Broacha,** T-6, East Wing, 5th floor, Stock Exchange Towers, Dalal Street. **Dhirajlal Maganlal & Sons,** 1103, Stock Exchange Towers, Dalal Street. **E. D. Sodawaterwalla,** Bhupen Chambers, 1st floor, Dalal Street. **Harish Chandra Gutt & Co.,** 45-47 Bombay Samachar Marg. **Harkisondass Lukhmidass,** 1207, Stock Exchange Towers, Dalal Street. **Hiralal Chunilal Doshi,** Table No. 34, 4th floor, Stock Exchange Towers. **Hiralal Lilladher,** 209, Stock Exchange Plaza, Dalal Street. **Hiralal T. Nanavati,** 108, Stock Exchange Plaza **Ishwarlal Maganlal & Sons,** 210, Stock Exchange Towers. **Jamnadas Khushaldas & Co.,** Table No. 37, 4th floor, Stock Exchange Towers **Jamnadas Morarjee & Co.,** 616, Tulsiani Chambers, 212, Backbay Reclamation, Nariman Point. **Jasvantlal Chhaganlal,** 29, Bhupen Chambers, Dalal Street. **Jasvantlal Chhotalal & Co.,** Bhupen Chambers, Dalal Street. **Jayantilal Khandwala & Sons,** 201, Stock Exchange Plaza. **Jitendra Harjivandas,** 50, Stock Exchange Bldg., Bombay Samachar Marg. **K. J. Shah & Sons,** Room No. 102, Stock Exchange Plaza, Dalal Street. **Kaiki J. Khambatta,** Stock Exchange Towers Bldg., 5th floor, Room No. 506, Dalal Street. **Kantilal Ishvarlal,** Room No. 604, 6th floor, Stock Exchange Towers. **Kantilal Madhavdas & Co.,** 105, Stock Exchange Plaza. **Karamchand Chunilal,** Room No. 610, 6th floor, Stock Exchange Towers. **Kasturchand Sarupchand,** East Wing, Stock Exchange Towers, 4th Floor. **Kisan Ratilal Choksey & Co.,** 727, Stock Exchange Towers, Dalal Street. **L. K. Panday,** Maharashtra Bank Building, 45/47, Bombay Samachar Marg. **Lallubhai Ranchhoddas,** Bhupen Chambers, 9, Dalal Street. **M. J. Patel,** 107, Stock Exchange New Bldg., Bombay Samachar Marg. **Maganlal T. Vora,** 23, Bhupen Chambers, Dalal Street **Mansukhlal Bhaidas Dalal,** Stock Exchange Central Bldg. **Mukund M. Shah,** 905, Stock Exchange Towers **N. M. Parikh,** 220, Stock Exchange Towers. **Nagindas Chhaganlal,** 112, Jolly Maker Chamber 2, 225, Backbay Reclamation. **Narandas & Sons,** Union Bank Building, Dalal Street. **Narendra M. Dalal,** 103, Stock Exchange Plaza. **Naresh N. Khandwala,** Khandwala Bldg., 149, Daftari Road, Malad. **Natverlal & Sons,** Stock Exchange Bldg., 5th floor. **P. R. Subramanyam & Sons,** 1007, Stock Exchange Towers. **Porecha Brothers,** 19, Stock Exchange New Bldg, Apollo Street **Prabhudas Lilladher,** 216, Stock Exchange Plaza. **Prafulchandra Mangulal Parikh,** 925, Stock Exchange Towers **Pravinchandra H. Nanavati,** 108, Stock Exchange Plaza. **S. M. Shah,** 601, Stock Exchange Towers, Dalal Street **Sanat M. Dalal,** 1211, Stock Exchange Towers. **Shivkishan M. Damani,** Stock Exchange Towers, 4th floor, West Wing **Trambaklal Ratilal Parekh & Son,** 4th floor, 4, West Wing, Stock Exchange Towers. **Upendra M. Dalal,** 604-A, Stock Exchange Bldg., **V. B. Desai,** Bhupen Chambers, Ground floor, Dalal Street **V. D. Vakil,** 613, Stock Exchange Towers **Valji Bhimji & Co.,** 109, Stock Exchange Plaza **Vinay M. Shah,** 59, Bazargate Street **Vithaldas Ramji Marthak,** 95, Stock Exchange Bldg, Apollo Street

Calcutta

Bajranglall Mahabir Prasad, 16, India Exchange Place. **Brijnath Khandelwal & Co.,** 13, India Exchange Place **C. Mackertich,** 7, Lyons Range **Chandravadan Desai,** 18, Ezra Street **Dayco,** 7, Lyons Range **Khandelwal Brothers,** 25, Swallow Lane. **G. M. Bosu,** 7, Lyons Range. **M. M. Murarka & Co.,** Lyons Range. **N. L. Roy & Co.,** 7, Lyons Range. **Narayandass Khandelwal & Co.,** 25, Swallow Lane. **Place, Siddons & Gough (Pvt.) Ltd.,** 6, Lyons Range. **Ramnarain Kayan & Co.,** 7, Lyons Range, 3rd floor. **Sajjankumar Saraf,** 7, Lyons Range. **Varjivan C. Kampani,** 16, India Exchange Place

Cochin

A. Aaron & Co., Congress House, Hospital Road. **A. Madhavan,** Chandrika Buildings, 36/176-9, M. G. Road, Ernakulam **Abraham and Kuruvilla,** 38/341, M G. Road. **Anand & Co.,** 35/739 (1), Illom Block, Paliam Road, Ernakulam. **Jones & Co.,** 37/216-5, Broadway, Ernakulam. **Joseph & Thomas,** 197/7, Amulla Building, Banerji Road, Ernakulam. **Mathew & Company,** Mullassery Canal Rd., Ernakulam **Menon & Poduval,** 212, Girinagar **Menon Sons,** 37/1003, T. D. Road. **Omna Tangm Finance,** Room No 41, Carmel Bldg. Banerji Road. **P. C. Chacko & Co.,** Karimpetta Road, Pallimukku **Surya & Co.,** 277, Girinagar

Hyderabad

Gopaldas P. Jhaveri, 8-4-347, Sultan Bazar. **Laxminarayan Rathi,** 4-5-173, Hashmat Gunj, Sultan Bazar. **P. B. Afzulpurkar,** 4-5-195, Sultan Bazar. **S. S. Sodhi,** 5-9-110/3, King Kothi Road

Indore

Govind Das Shrikishan Agrawal, 103, M.T.C. Market. **Pushkarlal Ghudawala,** 44, Bada Sarafa. **Santosh & Co.,** 29, Dhenu Market, S.G.S.I.T.S. Road,

Madras

Chitra & Co., 165, Linghi Street. **Dalal & Co.,** National Insurance Building, 224, N.S.C. Bose Road. **Kothari & Sons,** Eldorado Bldgs., Vth floor, 112, Nungambakkam High Road **Madan & Co.,** 7, Ramanuj Iyer Street **Paterson & Co.,** Vanguard House, 48, Second Line Beach. **Subramaniam & Co.,** 49, Second Line Beach. **V. S. Krishnaswami & Co.,** Armenian Street. **Venkataraman & Co.,** 78, Dr. Rangachari Road, Mylapore

New Delhi

Amritlal Bajaj & Co., 606, Kailash Apartment, Kasturba Gandhi Marg. **Arkay & Co.,** 30, Stock Exchange, Asaf Ali Road. **B. D. Agarwal & Co.,** Laxman House, 9/3, Asaf Ali Road. **Beharilal & Co.,** Stock Exchange Building, Asaf Ali Road **Bhagwan Das Gupta & Co.,** 4, Delhi Stock Exchange Bldg., Asaf Ali Road **Bharat Bhushan & Co.,** 107, Rohit House, 3, Tolstoy Marg. **Bhupendra & Co.,** 49, Stock Exchange Bldg, Asaf Ali Road. **Dev Saigal & Co.,** 30, Subhash Marg. **Dewan Chand & Co.,** Block 10, Street 3, Devnagar, Karol Bagh. **Gupta & Company,** 47, Delhi Stock Exchange Association Ltd., Asaf Ali Road **H. P. Mehta & Co.,** 602, Nirmal Tower, Barakhamba Road. **Harbans Singh Mehta & Co.,** 33, Regal Bldg., Parliament Street. **J. C. Mehta & Co.,** 308, Dreamland, 1/18B, Asaf Ali Road. **Jalan & Co.,** Stock Exchange Building, Asaf Ali Road. **L. R. Munjal & Co.,** 46, Stock Exchange Bldg, Asaf Ali Road. **P. S. Khambete & Co.,** M-45 Connaught Circus. **Padam Jain & Co.,** 47, Scindia House **R. K. Chugh & Co.,** 6 & 54, Stock Exchange Bldg., Asaf Ali Road. **R. L. Kapoor & Co.,** 39, Stock Exchange Bldg., Asaf Ali Road **Raj Paul Chadha & Co.,** Delite Cinema Bldg, Asaf Ali Road **Raja Ram Bhasin & Co.,** Jewan Mansion, 8/4, Desh Bandhu Gupta Road **Roshan Lal & Co.,** 42, Delhi Stock Exchange Bldg., Asaf Ali Road **S. D. Kapur & Co.,** 59, Stock Exchange Bldg., Asaf Ali Road. **Sikander Lal & Co.,** 55, Stock Exchange Bldg, Asaf Ali Road **Surinder Rode & Co.,** 3-E/12, Jhandewalan Extension, Link Road **Vinod Kumar & Co.,** A-6, Connaught Place.

In the opinion of the Board, the resources of the underwriters are sufficient to enable them to discharge their underwriting obligations

Bankers to the Issue:

State Bank of India, Bombay Samachar Marg, Bombay - 400 023

OR its main branches at:

Agra, Ahmedabad, Anand, Ankleshwar, Allahabad, Amritsar, Bangalore, Baroda, Bombay (Dadar), Bhopal, Bhubaneshwar, Bhuj, Belgaum, Calcutta, Coimbatore, Cuttack, Chandigarh, Cochin, Ernakulam (Shanmugam Road), Gandhinagar (Sachivalay), Hyderabad (Bank Street), Indore (Near G.P.O.), Jabalpur, Jaipur, Jamshedpur, Kanpur, Kolhapur, Kottayam, Lucknow, Madras (Main), Madurai, Mangalore, Nagpur, Nasik, New Delhi, Panaji, Patna, Pune (Main), Porbunder, Raipur, Rajkot, Srinagar, Surat, Trivandrum (Main), Varanasi, Vijayawada.

Bank of Baroda, Stock Exchange Towers, Dalal Street, Bombay - 400 023

OR its main branches at:

Ahmedabad, Anand, Baroda, Bharuch, Belgaum, Bhavnagar, Bulsar, Jamnagar, Nagpur, Porbunder, Rajkot, Surat

Availability of Prospectus and Forms of Application:

Copies of Prospectus and Application Forms may be obtained from the Registered Office of the Company, Underwriters, Brokers to the Issue, Managers to the Issue, and the Bankers to the Issue or from any of the offices of the Bankers to the Issue mentioned above.

ELECON

Managers to the Issue:
The Merchant Banking Divisions of

THE INDUSTRIAL CREDIT AND INVESTMENT
CORPORATION OF INDIA LTD
163, Backbay Reclamation,
Bombay 400 020.

STATE BANK OF INDIA
Central Office, Madame Cama Road,
Bombay 400 021

Issue opens on 4th Jan. 1982.

Narmada Cement Company Limited

CHAIRMAN'S SPEECH

FOLLOWING is the Speech of the Chairman, Mr V. D. Chowgule, at the Fourth Annual General Meeting of the Company, held in Bombay on 28th December, 1981.

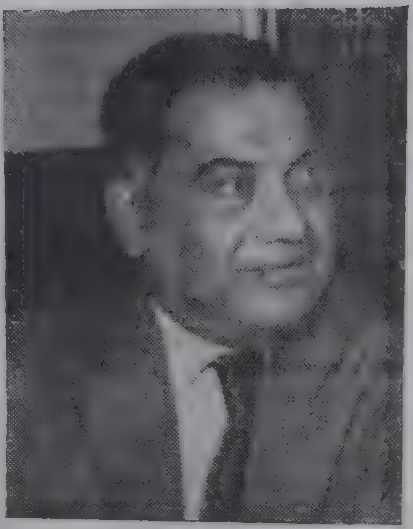
TO THE MEMBERS,

Ladies and Gentlemen,

I have great pleasure in extending to you all a very warm and hearty welcome to this Fourth Annual General Meeting of your Company. I thank you indeed for sparing your valuable time and making it convenient to attend this meeting. I greatly value your presence which would be a continuous source of inspiration not only to me and my colleagues on the Board, but also to all those who are engaged in the speedy implementation of the Project and eventually in operating the Plants.

The Company issued the capital to the Public in terms of the Prospectus dated 6th April 1981. The public issue of equity shares of Rs 4.80 crores had an excellent response and was oversubscribed by 3.7 times. However, the public issue in respect of Preference Shares of Rs 1.50 crores was undersubscribed and the balance amount of Preference Shares devolved on the underwriting institutions.

The Company has since created the security by way of equitable mortgage of the Company's properties in favour of the participating Financial Institutions and Banks. The financial assistance obtained uptil now as bridge loans has been converted into term loans carrying usual rates of interest.



Mr V. D. Chowgule

The Annual Report, together with the Audited Accounts and the Directors' Report for the year ended 30th June 1981, have been in your hands for some time now, and with your permission I shall take them as read.

The Project

Earlier, it was expected that our Jafrabad Plant would commence its trial runs in the month of October 1981 and the commercial production would start soon thereafter. However, during the months of August/September last, there have been unusual heavy rains and high winds which adversely affected the schedule of erection and fabrication at site. There was also an added problem of the strike by the labour of the contractors. These have been the main causes of the delay in the completion of the project. The revised schedule calls for the trial runs to commence in March/April 1982 and commercial production soon thereafter. It shall, however, be our endeavour to cut short the delays in the implementation schedule. We are planning to start soon the Grinding Unit at Magdalla, trial runs of which are nearing completion. Since the Clinker manufacturing unit at Jafrabad is not complete, we have to procure clinker from other cement units having excess clinker. We are already in touch with such units in this regard.

The delay in implementation of the project and the general increase in prices have resulted in cost overrun to the extent of Rs 853.53 lakhs. The major components of the increase are as follows:

Land, Building, Plants Machinery and others	Rs. 320.82 lakhs
Pre-Operative Expenses ...	Rs. 146.65 ,,
Margin Money for Working Capital ...	Rs. 76.63 ,,
Capitalised Interest ...	Rs. 309.43 ,,
	Rs. 853.53 Lakhs.

The revised project cost is Rs 6494.53 lakhs and your Company has approached the Financial Institutions for finalising the revised cost and means of financing thereof.

As you are aware, the project is based on the plans of having the Clinker manufacturing plant at Jafrabad to be transported for the purpose of grinding to Magdalla and Ratnagiri. This is a new concept of bringing the clinker to be ground near the consuming market. The mode of transportation will be sea instead of rail or road and ships of 3,000 to 5,000 tons will be utilised. While the jetty work at Jafrabad and Magdalla is under progress, I am afraid we may encounter some problems on account of the dredging work of the ports, particularly at Magdalla where the dredging is to be completed to bring in the vessels to sail in a draft of 4.5 metres. The Government of Gujarat has already acquired two dredgers and they were hopeful of the work being done in time. Unfortunately, the dredgers could not be fully utilised due to non-availability of operating staff and I understand that the Government of Gujarat is intending to award the contract of dredging to an Indian contractor. The dredging required for the Jafrabad plant is marginal and it is expected to be completed shortly by the Port authorities there. I have however, to express concern over the dredging of the River Tapti over a distance of over 13 KM involving dredging of 5 million cu. metres of sand. The Company is assiduously pursuing this matter with the Port Authorities in Gujarat.

As far as the Ratnagiri Port is concerned, construction of the jetty and other infrastructure work were the responsibility of the Government of Maharashtra. There has been delay in starting this work. However, since the beginning of this year, the Government of Maharashtra has speeded up the implementation of the work and it is expected that, as a result, a part of the jetty will be available for erection and installation of the unloading and loading facilities in the month of February 1982. The Grinding Plant equipment is already at the site and the erection is under progress. It is hoped that the entire unloading facility will be ready and put into commission by June 1982. In the meantime, the Company intends to make alternative arrangement for unloading the clinker from the ships.

Here, I would like to make a sincere request to the Government of Gujarat and Government of Maharashtra to take appropriate steps to see that both the dredging and the jetties for unloading and loading facilities for the ships are completed in time to avoid any further delay in implementation of this important project.

Role of Financial Institutions

The All India Public Financial Institutions play an important role in the economic and industrial development of the country by assisting the implementation of the planned targets. They are the main financing agencies for providing medium and long term capital and also act as catalytic agents in promoting development. In effect, they are the Development Banks of the country. During the last decade, at the national level, IDBI, IFCI, ICICI, LIC, UTI etc. and at State level, SFCs and SIDCs have emerged as major term lenders in the country. Major part of the project costs of almost all the Companies and substantial portion of the financing of large expansion/ diversification of existing units originate from the Financial Institutions.

At present, sponsored by the Lead Institution, proposals for financial assistance are discussed at the Inter-Institutional Meetings (IIM) and the emerging arrangements have to be adopted at the separate meetings of the Board of Directors of each institution. In view of this prevalent practice, the promoters are required to approach the Lead Institution and each of the participating institutions separately, for bridge loans and the disbursement of the balance amounts of term loans on creation of final security. The review of the project is also done by each institution separately. The whole process is time-consuming involving duplication of efforts both on the part of the entrepreneurs and the institutions.

Once the proposal is cleared in principle at IIM and share of each institution is determined, it should be the responsibility of the Lead Institution to follow up the project. The Lead Institution, on the basis of the objective assessment of the requirements of the funds, should disburse the finance and thereafter, secure the reimbursements from the participating institutions in agreed proportions and should keep them posted with the developments of the projects from time to time. This will ensure timely and speedy availability of funds to the project.

Cement Industry

Cement is a basic construction material of vital importance to the economic development of the country. In view of this, the cement industry finds a place in the core sector. The cement production target has been tentatively fixed at 50 million tonnes in the draft Sixth Five Year Plan. The Government of India have already issued letters of intent and industrial licences for about 31 million tonnes. Production capacity required to achieve the targetted production of 50 million tonnes would be an additional 30 million tonnes during the plan period, requiring massive investment of over Rs 3,000 crores. In view of the huge investment involved, I wonder whether the above target can be achieved unless the cash-flow position of the existing units improves substantially. If the country has to achieve the economic development of the magnitude that is required in the coming 10 years and satisfy consumer as well as industrial demands, including the demands of building an adequate infrastructure, then the debt-equity ratio and the promoters' contribution should be absolute minimum. Here, I would like to request the Government authorities to fix the norms of debt-equity ratio and promoters' contribution on similar lines as was done by the Japanese and German Governments after the World War II. In a project of Rs 5 crores and above, the debt-equity ratio should be 4 : 1 and in projects of Rs 25 crores and above, it should be 6 : 1 or even lesser. If private sector has to shoulder the responsibility of development of large projects, I feel that such norms which will be within the capacities of the promoters should be accepted, objective being realisation of a faster and larger economic development of the country.

Revision in the retention prices were made from time to time but it had invariably been a case of "too little too late". With this type of approach, the existing units will not be able to build up adequate internal resources to implement their planned expansion projects, nor would it attract new entrants to invest in this capital-intensive industry.

The Lavraj Kumar Committee recommended quarterly adjustments for variations in major cost elements, but the Government decided to review the prices annually. I submit that while marginal or normal variations in input costs may be neutralised on an annual basis, the incidence of abnormal hikes as in the prices of coal, freight on coal and power tariffs should be fully compensated to the industry with effect from the date of such increase. Alternatively, retention prices may be adjusted on a quarterly basis as recommended by the Committee. Dr Ghosh Committee which is re-examining the three-tier structure of retention prices for the cement industry, is expected to submit its report before the end of the current year. I hope, the Government having set up the Committee, will act no sooner its findings are known and the anomalies and difficulties to which I have referred in regard to the implementation of the Lavraj Committee will not be repeated. I would urge the Government to accept a pragmatic pricing policy in the interest of rapid increase in the domestic cement production so as to do away with imports of cement.

Acknowledgements

I take this opportunity to place on record our appreciation and gratitude to the Government of Gujarat for the continued co-operation and assistance rendered by them to the Company without which the present progress would not have been achieved. Our thanks are also due to the Government of Maharashtra for speeding up the jetty construction work at Ratnagiri. I also take this opportunity to thank the Industrial Development Bank of India and other participating financial institutions and Banks for their assistance and co-operation. I am sure, all the shareholders will join me in expressing their sincere appreciation and thanks to the executive and other staff of the Company for their continued and devoted efforts towards commissioning of this plant.

In this connection, I would like to mention that the then Chief Minister of Gujarat while laying the Foundation Stone of the Plant had mentioned that the hills of limestone deposits at Jafrabad surrounded by almost desert have been lying there unexplored for thousands of years and he was happy to see that where there was not a tree for shelter or water

Continued on page 33

PREMIER TYRES LIMITED

Chairman's Speech

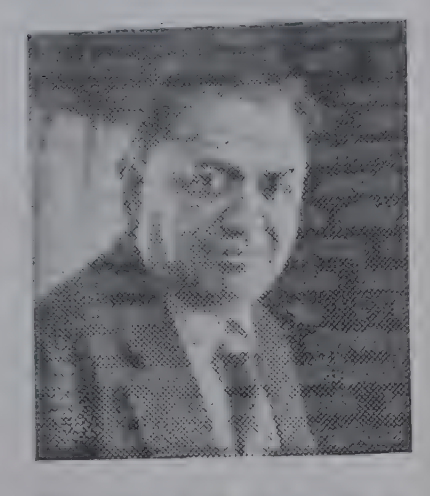
SPEECH delivered by the Chairman, Shri Chandrakant S. Desai, at the Twenty-first Annual General Meeting of Premier Tyres Limited held in Bombay on Tuesday, the 29th December, 1981.

Dear Friends,

It is my privilege as well as pleasure in extending to you all a warm welcome to this Twenty-first Annual General Meeting of your Company.

I seek your permission to take the 21st Report of the Directors and the Annual Accounts of your Company for its financial year ended 30th June, 1981, as read.

The year under review was a crucial one for our country affecting its overall economy adversely at all levels. During the said year, our country had been burdened by steep spiralling inflation — a global phenomenon — leaving its adverse impact on the economy in general and on the automotive tyre industry in particular. Within a short span, the prices of some of the essential and critical inputs like natural rubber and synthetic rubber, nylon, rayon, carbon black etc. have gone up sharply.



Shri Chandrakant S. Desai

With a view to curtail or at least contain the inflationary trend, the Government policy of tightening up the continuing credit squeeze, though may be commendable, has, coupled with higher cost of money, created serious problems for manufacturing sector in general. In case of automotive tyre manufacturing sector, in which your Company is placed, much dependence is placed on petroleum-based products like synthetic rubber, nylon yarn, carbon black and rubber chemicals, as they account for over 75% of the material cost of tyres.

For your information, the increase in the cost of inputs between the year 1977 and 1981 is detailed hereinbelow :—

	1977 Rs.	1981 Rs.	% Increase
1. Natural rubber per kg.	7.00	15.00	114
2. Butyl rubber per kg.	14.50	24.50	70
3. Synthetic rubber per kg.	9.00	18.50	106
4. Carbon black per kg.	6.50	16.25	150
5. Zinc Oxide per kg.	12.50	18.05	45
6. Accelerators per kg.	46.00	84.35	83
7. Antioxidants per kg.	39.70	60.00	52
8. Rayon fabric per kg.	29.00	46.00	60
9. Nylon fabric per kg.	60.00	80.00	33
10. Rubber process oil per litre	6.75	10.14	50
11. Solvents per litre	3.10	6.25	102
12. Furnace oil per litre	1.00	2.70	178

It can be seen from the above statement that the increase in the prices of critical items ranges from 33% to 178% during the period 1977-1981. In addition, during this period the inputs had to be increased or suitably improved to enable the tyres and tubes to withstand the increasing demand for heavier loads and higher speeds. However, the increase in price of the finished product was between 60% to 80% which was not commensurate, resulting thereby in further erosion of margins, which were already low, affecting the working of many tyre companies adversely.

Natural rubber, a crucial item for tyre industry, though not a petrochemical derivative, was occasionally in short supply, since the demand outstripped the production (1,75,000 M.T. being the demand against production of 1,55,000 M.T.). This deficit could have been avoided by timely action from the government to import and the spiralling prices of this vital commodity contained. It will not be out of place for me to mention here that the price of RMA Grade I rubber underwent an unprecedented rise from Rs. 10.85 per kg. prevailing in January, 1980 to Rs. 15 per kg. in the middle of 1981. (During the same period prices of this commodity in Malaysia and Ceylon were ranging between Rs. 7 to Rs. 8 and Rs. 4 to Rs. 5 respectively).

I would also like to stress here that if the imports were allowed to be made directly by the tyre industry, it could have been done much more efficiently and economically than by getting it done through other agencies which lack the requisite expertise and expediency.

In an industry like ours where raw material cost plays a vital role in the cost structure of the product, frequent price hikes of inputs compel the tyre industry to increase the prices of its products from time to time to sustain the economic viability. However, higher production costs lead to greater need for working capital funds. The continuing credit squeeze coupled with the astronomical rates of interest, to say the least, throttle the endeavour to reach higher production.

However, instead of arresting the run-away increase in the prices of inputs essential for the manufacture of tyres, the increase in central excise and custom duties has resulted in escalation of costs of both local and imported raw materials. In the prevailing inflationary situation, had the customs and central excise been levied on a fixed basis instead of ad valorem basis, this industry could have enjoyed some relief in costs which ultimately could have been passed on to the consumers at large.

The incidence of import duties and countervailing duties on imported items and excise duties on indigenous items has a cascading effect on the production cost of the tyre. The ad valorem excise duty and local taxes on finished product has the multiplier effect. Net effect is that for every rise of Rs. 10 in the tyre price the consumer has to pay an additional Rs. 7.66 by way of taxes.

In such a case, it would be extremely difficult to sustain both the output as well as the profitability level, especially when th market has become highly competitive. In my opinion, for a highly capital-intensive industrial sector like ours, the only answer to this problem would be higher volume.

Time has now come that concrete efforts be made to better the lot of the people by concrete actions through pragmatic approach to our economic planning, which at times appears to have been based on non-economic considerations. If the economic policies were production-oriented and volume coupled with quality were given the prime importance, then the cost per unit would substantially come down. This would then lead to the necessities of life to be within the reach of many more millions. To my mind, this appears to be the most logical, effective and expeditious way of not only distributing wealth, but the benefit thereof to the widest possible spectrum of the population. We have got to get away from the idea that items like automobile, airconditioner, refrigerator etc. are items of luxury and not of necessity. We have spent almost three and half decades since independence on suffocating, if not strangulating, approach to our economic planning and policy formulation. I wish to call for an experiment in taking a bold and pragmatic approach as outlined above, and give it a try in the coming decade. The developed countries, such as Japan, go for usage of even robots for achieving mass production of items at an unprecedented level for cost reduction, both for home consumption and overseas market to earn valuable foreign exchange to attain and sustain the high level of living standard of people. We may take a leaf out of their experiment in economic development.

It is time we realise that the first and foremost need of the hour is to optimise all available manufacturing, processing and infrastructural facilities for production in the country created over the years since independence. We already have built-in capacities in our economy to produce much more but unfortunately, it has not been fully utilised on account of variety of factors — one of them being the industrial unrest.

The boon of our country lies in having vast natural resources, vital raw materials and man-power. The bane of our country lies in criminal wastage of man-hours due to industrial discord. Every year we are losing millions of man-days which is heart-breaking. If every adult member of the population in many a country around the world were to work 8 hours a day and 5 days a week through out the year, the sum total of man-days cannot come anywhere near the 40 million man-days that on an average we are losing every year.

I would now give the picture of tyre industry in current year 1981-82 which, in my opinion, is somewhat brighter than the previous one, as due to favourable monsoon this year, the agricultural production is likely to be high, accelerating thereby the tempo of road transport activities on which tyre industry sizably depends. Furthermore, the expansion plans of commercial vehicle manufacturers like TELCO, Ashok Leyland and others would obviously give a boost to the demand for tyres for original equipment. Again all major State Transport Corporations have planned for expansion of their activities by augmenting their fleet strength. This will result in additional demand for bus tyres.

I am, therefore, of the firm belief that the tyre industry would be in a position to play its prime role in contributing to the national growth in the very near future and as a unit in this sector, your company would also contribute sizably towards this goal.

Reverting now to our own working during the financial year ended 30th June, 1981, I sincerely share your disappointment at the results for the year. As you know, during the previous financial year of your company, there was an unpleasant episode of prolonged strike of over four months from February 1980 to June 1980, which had its evil spell even on the commencing months of the year under review, causing thereby underutilisation of its capacity in producing automotive tyres etc. Though, utmost endeavour was attempted to return to viability in our operations once again, it was the heavy losses of the preceding years and the resultant paucity of funds was the prime constraint in carrying on the operations at near break-even levels. Though we have increased our sales turnover during the year under review more than double than that was during the previous financial year, we were not able to attain economies of volume, as is evident from the losses reflect operating results. Now I am happy to say that sales turnover during the current year 1981-82 would be much better than that of the yesteryear. I would have no hesitation to say that concrete steps have been taken to optimise the production, sales turnover as well as profitability of the Company. Labour management relations are congenial to better productivity and the production during the first five months of current year has shown an improvement of 33% over the production of corresponding period during last year.

With a view to achieve better penetration of our products in the interior regions of the country and to offer better service to our valuable customers, the Company has opened additional depots at Coimbatore, Goa, Mangalore, Nagpur, Raipur and Vijayawada thus bringing the total number of sales outlets to 24.

I would like to confide to you all that during the current year 1981-82 the Company's financial position has been progressively improving and as such not only we would comfortably cross over the sales turnover mark of the financial year 1980-81, but would also cross comfortably the breakeven with fully blasted utilisation capacity.

I have made reference in the past in my speeches regarding your company's expansion programme with the financial assistance in form of term loans from consortium of financial institutions. I am glad to indicate to all of you that the Expansion Programme is in the final stage of completion and is likely to be effective for commercial production during the first half of 1982. I am sure that the commissioning of the said programme will mark a new chapter in the history of your company and would positively pave the way for a brighter future.

In my speech of last year. I had referred to Letter of Intent for manufacture of Steel Cord and Synthetic Fibres Reinforced Conveyor Belting. I am glad to state that we have entered into technical collaboration with

Continued on page 33

Company meeting

MODIPON LIMITED

MODINAGAR

SHRI K. N. MODI

Speech of the Chairman, Shri K. N. Modi at the 16th Annual General Meeting of the Company held on 19th December, 1981 at Modinagar.

Ladies and Gentlemen,

It is my great pleasure to warmly welcome you all to this Annual General Meeting of your Company.

PERFORMANCE

You might have noticed from the Annual Report that during 16 months period ending June 1981, the turnover increased to Rs 77.53 crores as against Rs 47.51 crores in the preceding year. The profit also improved from Rs 4.2 crores in the preceding year to Rs 6.3 crores during 16 months period ending June, 1981. Performance would have been still better, but due to power cut ranging from 25 to 66 per cent optimum production could not be achieved. The management is making its best efforts to relieve the power shortage by creating additional captive power capacity. The Company has approached the Government of India for permission for import licence for additional diesel generating sets. If the increased power becomes available the performance would be much better.

MODERNISATION AND EXPANSION

The Company has been granted a letter of intent for the manufacture of 2,000 tonnes of nylon tyre cord per annum and has applied for additional capacity of 2,000 tonnes. Technical arrangements have been made with UNITIKA of Japan. The Company has also applied to the Government for increase in its capacity for nylon filament yarn to 7,000 tonnes per annum and polyester filament yarn to 3,500 tonnes per annum to make the working more economical and to meet the rising demand of these products. As you know the size of Indian units is very small and uneconomical, therefore, unless the companies are allowed to have better economic viability, the cost push inflation cannot be kept in check.

MAXIMISE GROWTH

The common man is most concerned about the economic situation and is very much worried due to vicious circle of inflation, shortages, low growth of employment opportunity and poverty. Though the rate of inflation has declined from 21 per cent in 1979-80 to 5.4 per cent in first six months of 1981-82 due to efforts of dynamic government under leadership of Mrs Indira Gandhi, still it is one of the major problems. The solution for it and to other ills of the economy is greater production at economic cost. We must achieve an overall growth of 6 per cent as envisaged in the Sixth Five-Year Plan and industrial growth should be raised to 10 to 12 per cent per annum. This will be possible when industrial licences are given speedily and adequate finances become available and production from the existing plants is optimised through improvement in productivity by full cooperation of management and labour and adequate availability of inputs specially power which is in great shortage throughout the country and improving infrastructure.

OPTIMUM UTILISATION OF CAPACITY

To achieve higher growth first necessity is to have optimum utilisation of existing capacity for which two biggest constraints are industrial relations and power shortage.

INDUSTRIAL RELATIONS

The most important reason for low productivity, high cost, poor quality and under-utilisation is attitude of the workers. There are go-slows, violence, and illegal strikes even on small pretext due to inter-union rivalry and many times the agitation is not related to economic demands. If we want to produce adequately for home market and exports and to contain inflation it is very essential to have harmonious industrial relations avoiding go-slow, violence, strikes and lock-outs. All economic demands should be settled through arbitration or negotiations in which narrow view should not be taken; the impact on the economy and the industry should also be kept in view.

POWER

The non-availability of power, severe cuts, roasting and block closures are the biggest constraint for fuller utilisation of capacity and results in higher costs, shortages and loss of wages. In spite of creation of additional capacity and increased generation industries are experiencing severe power shortage. The problem is not due to lack of installed capacity but heavy under-utilisation : the generation is only 45 per cent of the capacity and in some States even lower. It is necessary to improve generation of existing power houses through better management, proper and timely maintenance and carrot and stick policy.

Till adequate power becomes available essential industries and those having continuous process should not be subject to power cut. These industries should also be provided facilities to have more captive diesel generating sets and applications for imports should be speedily cleared.

CREATION OF NEW CAPACITIES

It often takes five to seven years to start a new industry because of procedural delays at various stages of clearance by the Government and financial institutions which results in heavy over-run making implementation difficult. If the plan targets have to be achieved and shortages to be removed, it is necessary that from the date of conceivement of

HIGHLIGHTS

1. Turnover and profitability has been better and with creation of more captive power capacity and expansion there should be further improvement in the times to come.
2. The only solution for economic ills like inflation, shortages, lack of job opportunities is higher growth, creation of new capacities speedily and full utilisation of existing capacities.
3. For fuller utilisation of capacities industrial relations should be harmonised avoiding go-slow, strikes and lock-outs and utmost importance be given to relieve power shortage through better utilisation of installed capacity.
4. For speedy creation of new capacity and avoiding heavy over-runs all clearances should be speedily given to enable to put up plants within 2/3 years period as against 5/7 years at present.
5. To reduce cost of new investment expansion should be allowed of existing units.
6. Larger finance for investment should be generated from internal sources by allowing :—
   a. depreciation on replacement basis,
   b. allowing excise duty rebate for 5 to 7 years,
   c. reducing corporate tax rate to 50 per cent.
7. To encourage larger investment by individuals in equity and debentures, personal tax rate should be brought down, debentures should also qualify for investment and other exemption whose limit should be enhanced.
8. Resources of financial institutions should be increased by improving capital base and borrowing abroad and unanimous recommendations of Working Group on debt-equity ratio and promoters quota should be implemented.

the projects it should be able to go on stream within 2/3 years otherwise there will be so much cost escalation that it will not be possible to raise resources. No doubt there has been considerable improvement in this direction but still it takes too long compared to other industrialised or developing countries and is also a big hurdle in getting foreign technology and capital. It is necessary that all clearances should be given on a war-footing and non-essential restrictions should be eliminated.

ECONOMIC SIZE UNITS

In many of our industries, the size of existing plants are very small and un-economic. It is not enough to establish new big size units which is a must but simultaneously existing units should also be allowed to expand because expansion cost is roughly half that of new units. For instance, in polyester filament yarn economic size is 4,000 to 5,000 tonnes per annum but most of the units are of one-seventh to one-eighth of economic size. Similarly, in nylon filament yarn, and chemicals etc. units in India are too small compared to world standards. If there is no monopoly of one or two manufacturers in an industry it should be allowed to expand before more new units are established.

GENERATE FINANCE FOR INVESTMENT

During the Sixth Five-Year Plan the private corporate sector is supposed to invest Rs 17,582 crores. But in the first two years i.e. 1980-81 and 1981-82 only Rs 5,064 crores have been invested. Thus in remaining three years Rs 12,158 crores should be invested at constant prices which works out to about Rs 19,000 crores at current prices. Looking to the past performance of capital market this is extremely difficult task. In order that industry may be able to raise more internal resources following points need serious consideration :—

(a) To remove industrial sickness and encourage industry to modernise, depreciation should be linked to machinery prices. With heavy inflation depreciation on historical cost has become far from adequate. Depreciation should be so calculated that adequate resources are generated for replacement.

(b) The investment cost of the new units is much higher than the existing ones. In order to partially compensate them the servicing cost of depreciation and interest, they should get reasonable excise duty rebate for a period of 5 to 7 years to tide over the disadvantage of higher investment cost compared to the old units.

(c) Corporate tax rate should be brought down to a more reasonable level and should not exceed 50 per cent including surcharge so that more funds can be ploughed back.

(d) To encourage larger investment by individuals in equity and debentures, personal tax rates should be brought down to a more reasonable level; there should be larger exemption from taxes on investment and dividends and debentures should also qualify for these exemptions to make them popular.

For long term finance, industry will have to depend heavily on financial institutions whose resources should be strengthened by larger capital base and borrowing in international market. It is also necessary that their terms and conditions are rationalised to finance big projects. A Working Group on debt-equity ratio and promoters quota was constituted by Industrial Development Bank of India which has submitted its recommendations long back. Its unanimous recommendations should be accepted at the earliest possible.

It is also necessary to further rationalise conversion clause. When ceiling of 40 per cent has been fixed on holding of shares in any company, the financial institutions should not exercise their right of conversion if they are already holding this percentage.

ACKNOWLEDGEMENT

In spite of some labour problem, the relations between the management and workers remained cordial and I hope that they will continue to be so. I would like to take this opportunity to thank workers, staff and officers at all levels, the various departments of the Central and State Governments, banks, financial institutions and directors for their cooperation.

NOTE : This does not purport to be a record of the proceedings of the Annual General Meeting.

NARMADA CEMENT COMPANY LIMITED

Concluded from page 29

for drinking, the promoters—Chowgules from Goa—came forward to develop this area into a modern township through industrial development.

This has been possible because a number of staff members from Chowgule organisation have worked for the development of the project and with the help of newly recruited staff have been able to achieve the progress of the project. Under the leadership of Mr Ashok Chowgule, the Managing Director of the Company, they have succeeded in developing the township with adequate infrastructure, the benefits of which will go to the people living in Jafrabad and also to the village around for whom new avenues of employment have been created. We all should, therefore, be happy that we have been able to contribute to the social development of this area which otherwise would have remained barren.

I wish you all a happy and prosperous New Year.

Thank you.

V. D. CHOWGULE
CHAIRMAN

Birla Matushri Sabhagar,
19, Marine Line,
BOMBAY 400 020.

Premier Tyres Limited

Concluded from page 31

SAIAG, a world renowned manufacturer of conveyor belting and are at present going through preliminaries of finalisation of list of equipments etc.

Before I conclude, it is my pleasure once again to thank you on behalf of my colleagues on the Board and myself, the Central Government, Kerala State Government, Financial Institutions and our Bankers for their most willing interest, assistance, advice and co-operation and our workers and our officers (both technical and administrative) and our sales staff who continue to do their best in the interests of the Company and I am sure you would join me in thanking them for their dedicated efforts and loyalty. I wish to convey our gratitude to our share holders for their goodwill and confidence they have reposed in us for all these years.

Note: *This does not purport to be the proceedings of the Annual General Meeting.*

DEPARTMENT OF ATOMIC ENERGY
NUCLEAR FUEL COMPLEX
HYDERABAD - 500 762

Tender Notice No. E/32/1981. Chief Engineer, Engineering Services Division (Projects), Nuclear Fuel Complex, Government of India (Department of Atomic Energy) ECIL Post, Hyderabad-500 762 invites sealed tenders upto 2 p.m. on 28-1-1982 for the work of "Supply, Installation, Testing and Commissioning of fume extraction, system for ZFP expansion at Nuclear Fuel Complex, Hyderabad". Estimated cost: Rs. 5,00,000/- Earnest Money Deposit: Rs. 10,000/-. Specifications and tender conditions for the work can be had on written application between 9.30 a.m. and 3.30 p.m. from 28-12-81 to 16-1-82 @ Rs. 50/- (non-refundable) by way of crossed Indian Postal Order only in favour of Manager, Finance, Nuclear Fuel Complex, Hyderabad-500 762, payable at Head Post Office, Secunderabad (Andhra Pradesh), on production of the latest valid income tax clearance certificate (ITCC) and proof of technical, organisational and financial competence to execute the work of above nature and magnitude.

davp 645 (397) 81

Special Reports

MFA: Tilted against exporters

From MALCOLM SUBHAN

BRUSSELS

THE agreement to extend the MFA until July 31, 1986 marks the conclusion of the first stage in the procedure for regulating the exports of developing countries to the west after 1982. During the second stage the two sides will negotiate the bilateral agreements through which the new MFA will be implemented.

In the case of the EEC, these bilateral negotiations should begin in April, once the ten member states have finalised the directives to be given to the European Commission, which will do the actual negotiating. Some 28 bilateral agreements must be renewed and all the indications are that their renegotiation will be every bit as difficult as the negotiations for the renewal of the MFA.

These renegotiations will be conducted mainly on the basis of the conclusions of the Textiles Committee, which are attached to the protocol extending the MFA. The conclusions amount in fact to a reinterpretation and extension of some of the key provisions of the MFA. They are tilted against the developing countries, but given the present climate of protectionism the latter probably could not hope to improve on them.

In any case, India should not be unduly hampered by the new MFA in its bilateral negotiations with the EEC. This is because it does not fall into any of the categories of exporting countries the Common Market is particularly concerned about. It is neither a dominant nor a preferential supplier.

It has underutilised several of its quotas and is a potential victim, therefore, of the anti-surge mechanism which the EEC wants to include in all its bilateral agreements. But the new MFA, while it recognises the problem that consistent underutilisation of large quotas can pose for the importing country, also contains safeguards for the exporting countries. The latter may reject the solution put to them, and if they accept it are entitled to equitable and quantifiable compensation.

The new MFA also provides for annual growth rates of less than six per cent. But so did the 1977 extension protocol under the reasonable departures clause. The fact is that the figure of six per cent has been more honoured in the breach by the importing countries. The new MFA rejects however the Community's claim that a decline in domestic consumption automatically justifies reduced annual growth rates. The EEC will find it very difficult, therefore, to incorporate a recession clause into its bilateral agreements as sought by its industry.

The new MFA allows importing countries to reduce flexibility where very large quotas are involved. India could therefore come under pressure from the EEC to accept zero flexibility in the case of a small number of items. It will not be subject to cutbacks, however, as these will be limited to dominant suppliers—Hongkong, South Korea, Macao and Taiwan—for the Community.

India could even benefit under para twelve of the conclusions. This provides for generally more favourable treatment for new entrants, small suppliers and cotton producing exporting countries, although given the present climate importing countries are likely to express their inability to do very much.

Finally, to the extent that the new MFA positively encourages importing countries to discriminate among the developing countries, it may be said to favour India as a cotton producing country. The EEC in any case has adopted a policy of discrimination, which is favourable to India in that per *capita* GNP is one of the basic criteria. In other words, the poorer cotton producing countries stand a better chance in the forthcoming bilateral negotiations. But for all of them it will be an uphill struggle fighting off western potectionism.

(*See also Document page* 20)

Retail prices of essential commodities in Bombay

Compiled by Commerce Research Bureau

Item	Quality	Rs per kg				Percentage variation on Dec. 25, 1981 over		
		Dec. 25, 1981	Dec. 18, 1981	Nov. 27, 1981	Dec 26, 1980	A week ago	A month ago	A year ago
Rice	Average	3.80	3.80	3.80	3.00	—	—	26.7
Wheat	Average	3.90	3.90	3.90	2.80	—	—	39.3
Jowar	Average	2.30	2.30	2.30	2.20	—	—	4.5
Bajra	Average	2.30	2.30	2.30	2.20	—	—	4.5
Gram dal	Average	6.00	6.00	6.00	6.40	—	—	—6.3
Tur dal	Average	6.00	6.00	6.00	6.50	—	—	—7.7
Potatoes	Average	2.00	2.00	2.00	2.60	—	—	—23.1
Onions	Average	2.50	2.50	2.50	1.20	—	—	108.3
Milk per litre	Buffalo	5.00	5.40	5.00	4.30	—7.4	—	16.3
Tea	Average	23.00	23.00	23.00	24.00	—	—	—4.2
Coffee	Average	17.50	17.50	17.50	16.50	—	—	6.1
Kerosene per litre ..	—	1.66	1.66	1.66	1.39	—	—	19.4
Bread (400 grams) ..	—	1.55	1.55	1.55	1.40	—	—	10.7
Sugar	Average	6.00	6.00	5.70	7.20	—	5.3	—16.7
Gur	Average	5.00	5.00	5.00	5.00	—	—	—
Groundnut oil	Average	14.50	14.50	14.50	12.00	—	—	20.8
Vanaspati	Average	15.00	15.00	14.50	—	—	3.4	—
Toilet soap	—	1.95	1.95	1.95	1.90	—	—	2.6
Exercise book (200 pages)	—	2.50	2.50	2.50	—	—	—	—

Promoting polyester exports

BOMBAY

THERE should be a tie-up between three sectors—the co-operative, centralised and decentralised sectors—for exports of polyester fabrics. This was the consensus that emerged at a seminar on export of polyester fabrics, organised by the Silk and Rayon Textiles Export Promotion Council. Exporters of this fabric also demanded that the council should provide them with services for determining the quality, finish and prices of export fabrics, and that the council should revive its former activity of studying export marketing problems, an activity it has discontinued for some time past.

Exporters drew attention to the lacunae in export schemes for polyester fabrics and wanted that the duty free import limit for fibres should be extended. They wondered how they could compete with countries like South Korea when a duty of Rs 45 was levied on the finished product pushing up its cost to Rs 93 per metre. They also felt they should be allowed to export second grade goods to countries like Saudi Arabia and Africa, because these countries were ready to buy such goods.

The Textile Commissioner, Mr R. K. Takkar, said that the industry could not be restructured only for exports. It had other priorities, such as meeting the needs of a big domestic market. But many manufacturers pointed out that the industry had surpluses for exports after meeting the needs of the domestic market. And it was widely felt that our export performance had been poor and export targets should be raised substantially.

Mr B. N. Kothary, chairman of the council said that the future hope for textile exports lay in polyester fabrics. Production of this fabric was growing in India and overseas demand expanding. Sparing a larger volume of production for exports posed no problems. The value added to this fabric, moreover, was high. But in order to promote exports, certain structural inadequacies of the manufacturing units would have to be removed because they meant higher prices for finished products. The domestic consumer may be prepared to pay higher prices, but not overseas buyers who could turn to other sources of supply.

Mr Y. K. Modi, president of the Polyester Users Association of India, submitted a list of proposals for the preferential treatment of polyester exports. They included permission to import suitable and efficient machinery and equipment duty free, ensuring availability of raw materials at reasonable and stable prices, extending credit and loan facilities to exporting mills at cheaper rates of interest, giving specific tax concessions and encouraging export promotional activities.

The seminar was followed by an export award function. Awards were given to Reliance Textiles Industries Ltd for an export performance of Rs 7 crores in 1980-81, Garden Silk Mills P Ltd for Exports of Rs 2.68 crores, I. C. Gandhi Silk Mills P. Ltd for exports of Rs 1.53 crores and Ramsharan Enterprises for exports of Rs 1.08 crores. Century Rayon and Navjeevan Velvets also were given awards.

Bombay spot exchange rates of currencies as on 28-12-81

(Currency units per Rs 100)

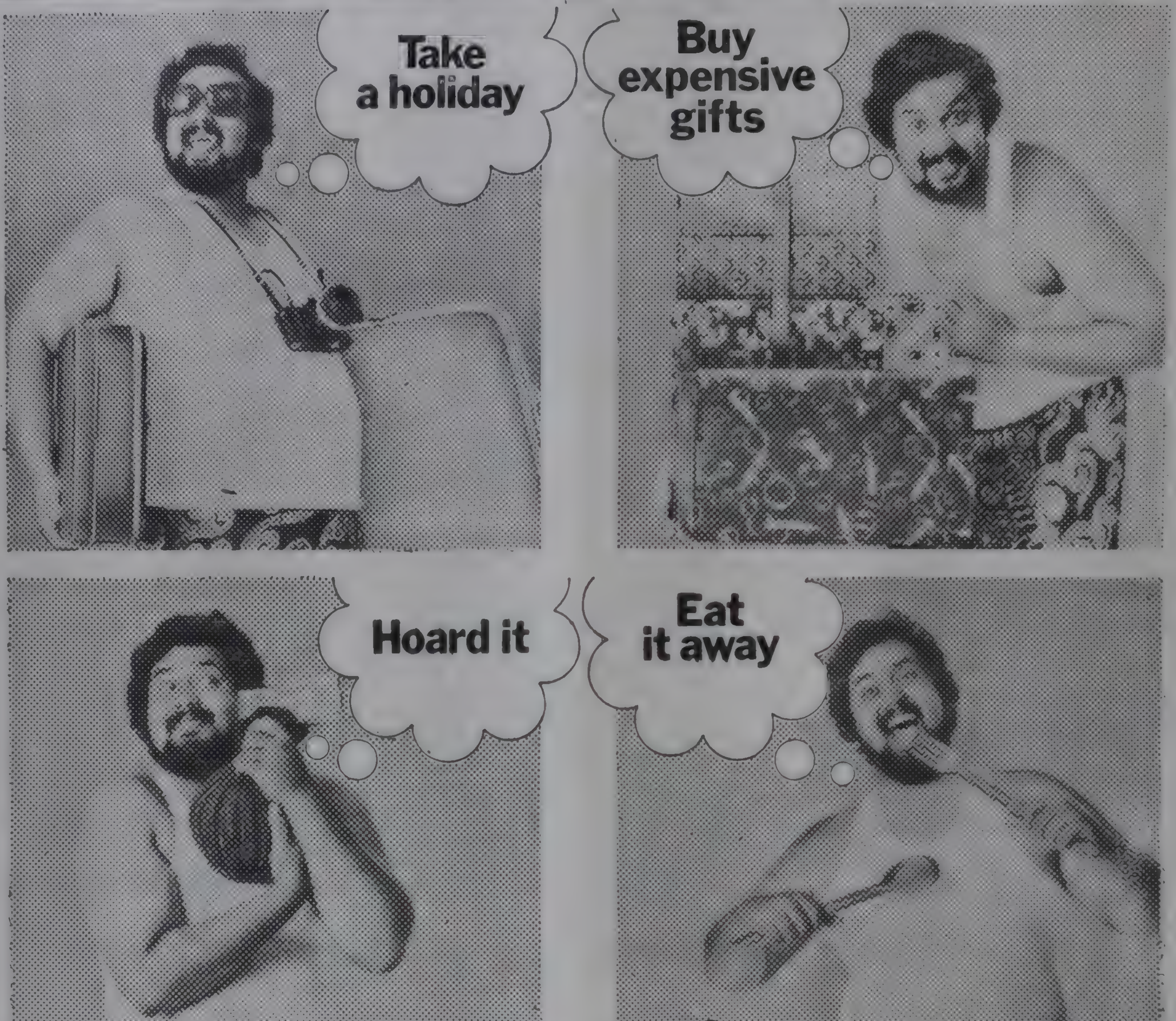
Country	Currency	Selling T.T.D.D.	Buying T.T.clean
Australia	A. $	9.575	9.805
Austria	A. Schilling	172.00	176.00
Belgium	B. Franc	412.50	422.50
Canada	C. $	12.770	13.045
Denmark	D. Kroner	79.60	81.40
France	Franc	61.90	63.45
Hong Kong	H.K. $	61.20	62.65
Italy	Lira	13,010	13,310
Japan	Yen	2389	2442
Malaysia	M. $	24.32	24.84
Netherlands	Guilder	26.90	27.52
Norway	N. Kroner	63.00	64.60
Singapore	S. $	22.08	22.60
Sweden	S. Kronor	60.00	61.45
Switzerland	S. Franc	19.56	20.01
UK	£	5.7735	5.8155
USA	$	10.855	10.965
West Germany	D. M.	24.49	25.04

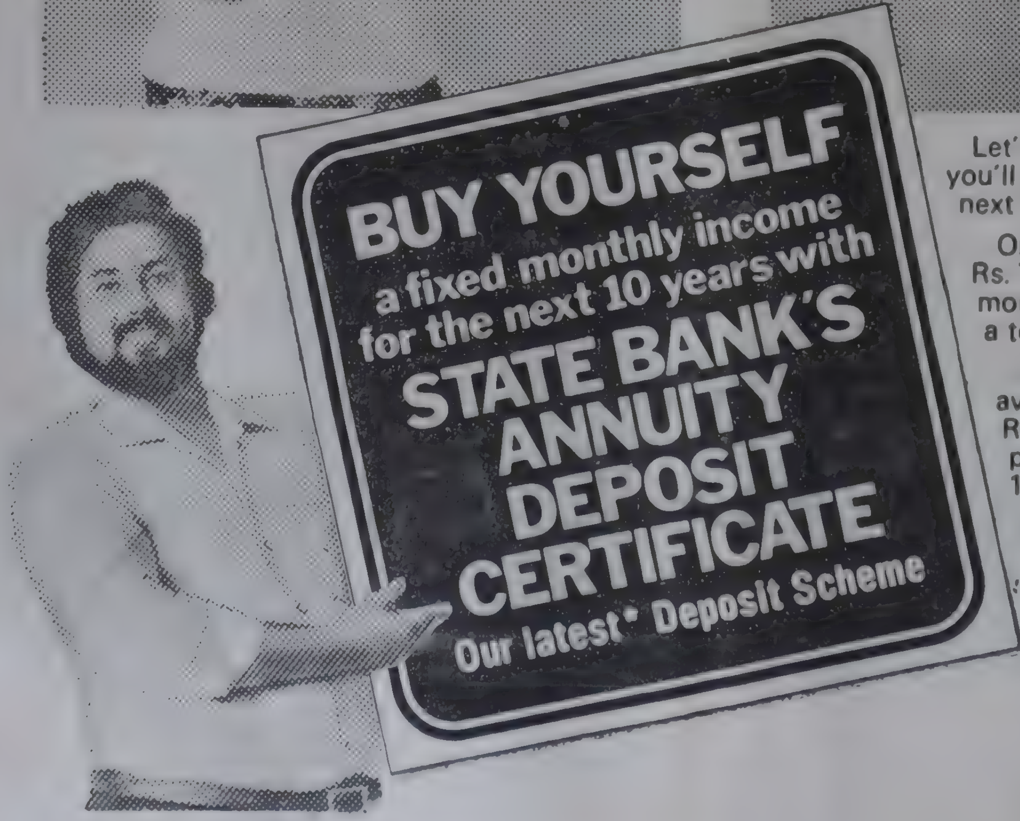
SOURCE: Syndicate Bank, Foreign Exchange Division, Central Office, Bombay 21

First Indian bulk carrier

The first indigenously designed 26,000 dwt bulk carrier, *Lok Priti*, was handed over to the government-owned Mogul Line by Garden Reach Shipbuilders & Engineers Limited, a public sector unit undertaking in Calcutta. The carrier is a fully welded steel construction, single deck, single screw, diesel engine driven, having seven holds with 35,091 cubic metres capacities. It is air-conditioned and is capable of attaining a speed of 15 knots.

A few ideas on what you can do with your hard earned money


Take a holiday
Buy expensive gifts
Hoard it
Eat it away


BUY YOURSELF
a fixed monthly income
for the next 10 years with
STATE BANK'S
ANNUITY
DEPOSIT
CERTIFICATE
Our latest* Deposit Scheme

Let's say you deposit Rs. 3,103 you'll get Rs. 100 every month for the next 36 months—a total of Rs. 3,600!

Or, if you wish, you could deposit Rs. 7,594 and you'd get Rs. 100 every month for the next 120 months—a total of Rs. 12,000!

Annuity Deposit Certificates are available for monthly incomes of Rs. 50 or multiples thereof and for periods ranging from 36 months to 120 months.

*Available from January 1, 1982 at all State Bank branches.

State Bank
Security is a warm feeling.

CHAITRA-SBI-811

TEXTILE MACHINERY

Plan to stem slackening demand

BOMBAY

SINCE the last four years the textile machinery industry has been able to achieve continual expansion of output due to a variety of favourable factors like better operating conditions in user industries and availability of finances to them under IDBI's Soft Loan Scheme. However, these conditions are now undergoing a change for the worse with rising production costs and higher cotton and fibre prices having altered the market situation. Besides, mounting consumer resistance has led to a marked fall in demand for cloth. The resultant financial strain is having its impact on the textile industry's modernisation efforts, and this is evident from the depleting orders for machinery, as pointed out by Mr Sumant J. Patel, chairman, Textile Machinery Manufacturers' Association, at a recent meeting with the Textile Commissioner, Mr R. K. Takkar.

Highlighting the worsening conditions in the textile markets and its impact on the demand for machinery, Mr Patel said, new orders for spinning machinery during the first nine months of the current year had declined by 10 per cent to 73 per cent compared to the period January-September of 1980 The decline in the case of weaving machinery was in the range of 23 per cent to 68 per cent and in the case of processing and finishing equipment about 11 per cent. Available data on the applications and disbursement under soft loan scheme also confirmed the declining trend in the order booking position. This indicated that the industry had reached the end of a period of comparative boom and that implementation of the modernisation programme of the textile industry was slowing down. Viewed in the context of the backlog of modernisation of the order of Rs 1,000 crores to Rs 1,500 crores, the trend was indeed profoundly disturbing. There was, therefore, a clear need for a major collaborative effort among the textile industry, machinery industry and the Government to evolve a policy framework which would help the textile industry and the textile machinery industry to continue, without interruption, their modernisation efforts.

Mr Patel made three suggestions in this regard. First, corrective steps should be taken in the area of input costs. Second, demand for machinery in all textile sectors should be assessed and projected realistically based on growth plans of these sectors and their modernisation requirements. Third, assured funding arrangements should be devised to counteract the tendency of textile industry of placing orders in bunches or clusters in good years and slowing down or withdrawing orders in bad years. Besides, the IDBI soft loan scheme should be supplemented and strengthened by setting up a modernisation reserve fund for both the textile industry and the textile machinery industry.

As for pre-export inspection of textile machinery accessories, Mr Patel said that there was no reason why accessories of textile machinery should be treated as different from other engineering goods and pleaded that their export should be permited on the basis of self-inspection, particularly when the products are manufactured according to ISI standards.

The Textile Commissioner, Mr Takkar, in his reply, agreed to give careful consideration to the setting up of a modernisation reserve fund for the textile and textile machinery industries and advised TMMA to come forward with a full proposal to enable him to make suitable recommendations to the Government after study of the feasibility of this proposal. This was one of the "recipes" being mooted for lifting these two cyclic industries from their current difficulties caused by recessionary conditions. The other remedy under consideration was a higher rate of depreciation in the first year of acquisition of machinery. Mr Takkar also assured that the Government had an open mind on the question of pre-export inspection. While a sub-committee had already been appointed under the auspices of the Textile Committee to go into the entire gamut of this question, he was of the view that separate methodology of inspection should be evolved for main items of machinery and for accessories.

HANNOVER FAIR

India as a partner country?

BOMBAY

PREPARATIONS are underway all over the world for the biggest industrial fair in the world, the Hannover Fair, to be held April 21-28, 1982. Over 6.000 firms, more than 25 per cent of them from outside W. Germany, have registered for the fair. Mr L. Merkelbach, director of Hannover Fair, was recently on a visit to this country to discuss with Indian industrialists their participation in the fair.

The fair, with its accent on capital and technical goods, specialises in modern technologies and sophisticated industries. It offers 23 big halls on grounds with more than 5 lakh square metres exhibition space and another 5 lakh quare metres in the open. It is a combination of ten technical fairs. Of special interest to India at the fair will be the preoccupation of about 600 firms with subcontracting. Many firms from developed countries are looking for subcontractors from developing countries to farm out production of various machine components and parts. As Mr Merkelbach pointed out, more than two-thirds of the 6,000 firms which will participate in the fair are small and medium companies.

Mr Merkelbach has also initiated discussions with the Union Government of India to act as a partner country at the fair in 1984. The partner country means a young industrialising country which is invited to have a national pavilion at the fair to better its chances of selling products. Brazil was the first partner country at the fair in 1980. More than 180 Brazilian firms participated in that year and made sales of over $100 million. Greece was the second country to have a national pavilion in 1981. Mexico will be the third country in 1982 and Argentina the fourth in 1983. The Indian Government has watched the participation of these countries at the Hannover Fair with some interest. Negotiations have been launched between the Government and the Hannover Fair authorities for this event in 1984.

For the 1982 fair, the Indo-German Chamber of Commerce has arranged a group visit for small and medium scale industrialists, businessmen, managers, experts and professionals from India. The group will depart on April 18, 1982 and visit many commercial centres in England, West Germany, France, Holland, Belgium and Switzerland. It will be in Europe for 20 days.

FPDIL's catalysts for chemical industry

BOMBAY

INDUSTRIAL catalysts, needed for the transfer of energy from a less convenient mode to a more convenient one, are of vital importance for the chemical industry as about 90 per cent of the chemical processes used in the industry are based on the catalytic operations. The Fertilizer (Planning & Development) India Ltd (FPDIL), a Central Government undertaking, has been manufacturing catalysts for the last thirty years and is the sole manufacturer of industrial catalysts based on its own know-how. At present, the FPDIL manufactures almost the entire range of fertiliser catalysts used in ammonia manufacture from various feedstocks such as coal, oil, naphtha and gas. Besides, it has also developed a number of non-fertiliser catalysts for application in alcohol-based industries and in petroleum and petrochemical processes. Recently, the FPDIL has also made a breakthrough in the development of know-how for manufacturing silica-alumina fluid cracking catalyst used in petroleum refineries.

Recently, the FPDIL sponsored a catalyst exposition in Bombay with the objective of establishing a direct rapport with the catalyst users in the western region and to find out ways and means of serving them more effectively. In his welcome address Mr M. C. Thomas, general manager (catalyst division), FPDIL, emphasised that catalysts, which were critical chemicals in process industries, should not be judged in isolation. In fact, catalyst performance, besides depending on mode of manufacture, was also strongly influenced by the operating conditions in the plants. He also made a special mention of the capabilities of FPDIL in handling users' problems and invited them to repose their confidence safely in FPDIL's expertise and products.

Inaugurating the exposition, Mr Duleep Singh, chairman and managing director of the Rashtriya Chemicals and Fertilizers Ltd (RCF), said that the quality of catalysts in the fertiliser industry was important because in the absence of good quality catalysts the plants were liable to be shut down, incurring thereby large expenses to start them again. While praising the FPDIL for its work in the field, he said that a lot more needed to be done for achieving the complete self-sufficiency. Mr Duleep Singh mentioned that the fertiliser producers were forced to use imported catalysts as the initial guarantee given by the foreign consultants was based on the imported material. He wanted the FPDIL to take up work on new catalysts as, in his view, only FPDIL could do it.

Mr S. P. Sen of the FPDIL said that almost all thermodynamically possible reactions could occur to some extent at certain temperatures. The most unique role and purpose of the catalyst was to enhance the reaction rate, bring down the reaction temperature and pressure as well as dictate the most selective routes. He added that for development of a new catalyst or improvement of the existing ones it was necessary to examine the mechanism through which the catalyst operated and to study the reaction kinetics and to look into those aspects which brought about changes in the catalyst under normal as well as abnormal operating conditions.

Mr Sen identified the general requirements for any catalyst as (a) highly developed surface of the active component, (b) optimum concentration of active component, (c) appropriate pore size distribution (to take care of diffusion restriction), (d) high mechanical strength, (e) selectivity and (g) predictable conversion efficiency. "All these requirements cannot be maximised in a single catalyst on account of the conflicts among each other of the above parameters. The concept of regulating each of the above requirements and their inter-dependence is one of the basic needs in catalyst technology. Catalyst preparation and its characterisation is expensive and time consuming, so extreme care should be taken in designing the experiments by careful modelling of the reactions".

Mr B. Sen, another officer of the FPDIL, spoke on high temperature catalyst and said that during the past decade a progressive change had taken over in the process technology and in the use of various feedstocks for the production of ammonia. The HTS catalyst also had to be modified for this purpose. He mentioned that HTS catalyst manufactured by FPDIL was in use in about 14 different plants and was generally giving a service life of more than 2½ years. The catalyst had proved to be very satisfactory.

Mr N. Ray, speaking on low temperature shift catalyst, said that the selection of a good LTS catalyst was very important in the operation of ammonia plant. According to him the deterioration in the performance of this catalyst could be due to poisoning, steam condensation, ageing and reduction. In this context Mr Ray cited the performance of LTS catalyst manufactured by the FPDIL at the Barauni and the Namrup fertiliser plants.

Mr D. K. Mukherjee outlined the role of nickel catalysts in the fertiliser industry and said that there were four types of supported nickel catalysts commonly used in this industry. He added that the FPDIL was producing altogether seven varieties of supported nickel catalysts based on its own know-how. He also said that the catalysts developed by the FPDIL had varying degree of commercial experience.

Talking about the non-fertiliser catalysts Mr M. S. Chhabra said that the catalysts used in the major chemical units in India were being imported as part of the process know-how and the catalyst know-how was a closely guarded secret. He added that by 1975 the FPDIL had developed an entire range of catalysts used in ammonia plants and was manufacturing most of them by using its own technology. Development of all these catalysts, originated from plant problems and the desire to solve them placed FPDIL on sound footing in fertiliser and some of the non-fertiliser catalysts.

The participants at the exposition were of the view that such exchanges of views and information were very useful and expressed the hope that more such expositions would be held in the future.

Unofficial foreign currency rates in Hongkong

(Hongkong $ as on Dec. 12, 1981)

	High	Low	T.T.
Australian $	6.39	6.32	6.5130
Belgian Franc(100)	13.50	12.30	14.880
British £	10.90	10.60	10.780
Burmese Kyat(100)	25.00	15.00	
Canadian $	4.74	4.70	4.8255
French Franc	1.00	0.965	1.0020
Indian Rupee(100)	52.00	49.00	62.25
West German DM	2.52	2.47	3.5420
Indonesian Rupiah (100)	0.90	0.85	
Italian Lira (100)	4.70	4.50	
Japanese Yen (100)	2.585	2.55	2.6240
Korean Won (100)	0.87	0.82	
Malaysian $	2.505	2.46	2.5520
Netherlands Guilder	2.30	2.26	2.3235
New Zealand $	4.85	4.70	4.7745
Pakistan Rupee (100)	4.30	3.80	5.855
Philippine Peso	0.660	0.63	0.7140
Singapore $	2.75	2.70	2.7945
South African Rand	5.70	5.40	5.8365
Sri Lanka Rupee (100)	30.00	22.00	
Swiss Franc	3.13	3.04	3.1150
Taiwan $ (100)	14.30	14.00	
Thailand Baht (100)	25.70	25.20	

Workshop on joint endering

rom OUR NEW DELHI BUREAU

THE workshop on joint tendering and subcontracting organised here receny by the Engineering Export Promoon Council was actually a follow-up to arious initiatives taken by EEPC in the ecent past. A conference was organised n Paris in November 1980 when as many s 220 European delegates were abie to ave a dialogue with 100 Indian project ontractors and equipment suppliers in egard to the possibility of working together in third country projects. In Sepember this year a symposium was held on Indo-Belgian trade and industrial cooperation in Ghent (Belgium) to coincide with the celebrations that took place at he Ghent internationa! exhibition. An Indo-British meet was organised in London on September 18, 1981 to acquaint international British project operators with Indian capabilities in various secors and explore possibilities of cooperaion in third country projects, particuarly in Nigeria.

Inaugurating the workshop, Mr Pranab Mukherjee, Union Minister for Commerce, Steel and Mines, assured European firms that Indian companies did not seek concessions but an equal partnership. If European firms were to cooperate with Indian companies, Indian financial institutions would provide the necessary credit and insurance cover for he Indian share.

The workshop in Delhi was attended by 55 European delegates representing technical consultancy and turnkey project sector, civil engineering construction, electric power generation, transmission and distribution equipment including transmission line tower and industrial machinery other than power machinery. Most of the delegates were from Britain, West Germany, France, Belgium and Italy. The Indian delegates numbered more than 250.

The broad objectives of the workshop were :

1. To help European prime contractors and equipment suppliers to review their contracts with their Indian counterparts which were established in Paris or other EEC countries,

2. To enable European prime contractors and equipment suppliers to see for themselves the type of plant and equipment being manufactured in India under licence and technical know-how imbibed from well-known manufacturers of the USA, Canada, Europe and Japan for supply to projects in third countries;

3. To identify engineering equipment and component sectors where Indian

---

As I see it

Does increased production lead to better nutrition ?

AN unstated assumption universally accepted is that malnutrition is absolutely a function of scarcity of food articles and that the level of nutrition is generally likely to go up with the better availability of the quantity of food articles even of average quality. In a food-hungry country like India the validity of the assumption is beyond question. Here the sheer starvation is the most widespread cause of malnutrition and even a marginal improvement in availability of foodgrains can contribute to a perceptible improvement in the level of nutrition. Apparently, once the minimum availability of foodgrains has been assured to the people, the level of nutrition can be further improved by bringing home to the using population the relative merits of the different modes of preparation of some of the food articles.

The International Crops Research Institute for the Semi-Arid Tropics (*ICRISAT*), which is located at Patancheru in Andhra Pradesh, has been conducting research on a world scale on improving the production and quality of sorghum, which is consumed in India by a sizable section of the population. The research is aimed at evolving a drought-and disease resistant variety. Research is also carried on about the quality of food available at the consumption level. An idea of the problem involved in such evaluation is given by the fact that out of three thousand selections for evaluation for grain, dough and *chapati* quality, only four hundred were taken up for further evaluation and eventually only thirty would be investigated further for their *chapati* quality. In the southern parts of India sorghum grain is dehulled and boiled like rice. In Tamil Nadu this food product is called *chorru.* However, *chorru* prepared from different genotypes of sorghum has significant differences in nutrition value. In other words only particular genotypes of sorghum would be suitable for this type of food preparation and if, instead of this particular type, other genotype sorghums are produced the larger availability of the grain would mean less than a proportionate improvement in nutrition standards.

Then there is the problem of ensuring that a grain produced at different regions contains the same food value. Protein analysis of about 1,000 samples of chickpea representing several cultivars grown at different locations under the aegis of *ICRISAT* showed very large differences between locations. According to the annual report of *ICRISAT* for 1979-80 the protein content of several cultivars grown at *ICRISAT* Center under saline field conditions was considerably reduced. Wholeseed samples of about 3000 accessions on analysis for protein content showed variations from 15.7 per cent to 27.3 per cent. Further the grain may also contain antinutritional factors. For example, *ICRISAT* researchers traced several antinutritional factors in chickpea which were higher in desi than in Kabuli cultivars. The presence of polyphenolic compounds, which may affect the function of some of the digestive enzymes, was also noted in pigeonpea which is consumed as dal over large parts of Madhya Pradesh, Maharashtra and Uttar Pradesh. As in the case of chickpea, in pigeonpea also the concentration of polyphenols was noticed in the seed coat.

Subhash Chandra Sarker

firms have achieved technical capacity and a high degree of sophistication to manufacture and supply sub-contracting or sub-assembly items according to buyer's design and specification.

According to Mr G. D. Shah, chairman of EEPC, a programme has been worked out for the foreign delegates to visit Bombay, Poona, Madras, Bangalore and Calcutta to have further round of discussions with Indian firms identified by the European delegates following the conference in Paris. The European delegates could also use this opportunity to establish rapport with more Indian firms. Mr Shah feels that the exercises initiated by EEPC in bringing both Indian and European project contractors and equipment suppliers together would result in more tie-up arrangements and collaborative ventures in third countries.

NORTHERN REGION

Raw materials' shortage worsens

LUCKNOW

THE supply position of raw materials to industrial units in the northern region of the country during July-September 1981 worsened as compared to that during the April-June quarter, according to a survey conducted by the PHD Chamber of Commerce and Industry, New Delhi. The survey has revealed that while 74 per cent of the requirement of coal of the industries was allotted, over 52 per cent of actual allotted quantity could not be supplied (See Table I).

The problem of coal shortage during the period under review further aggravated on account of various factors. For instance, wagons carrying steam coal, used mostly in boilers, contains 60 per cent slag and 40 per cent steam coal and, the hard coke 40 per cent slag. On an average, the shortage works out to 2 tonnes per wagon. Movement of lapsed quota, which is at present not allowed by rail, is another problem because it has to be moved by road and as a result the cost of the commodity is almost doubled.

The foundry industry experienced an acute shortage of iron and steel during this period. While during the April-June quarter there was absolutely no supply of pig iron to the foundries, some supplies were made during July and thereafter until September supplies were stopped. As against 1356 wagons of pig iron, the acutal supply during July-September was only 268 wagons.

Industries which do not use iron and steel as raw material find it very difficult to procure steel for fabrication and construction purposes. Such units, mainly sugar, are denied steel on the ground that they are not "actual" users. In most cases, SAIL informs them that the type of steel they require is not available in the stockyards. All types of steel, the survey points out, are available in the open market at a premium of 70 per cent to 130 per cent.

The supply position of furnace oil has been no better. According to the survey, the total requirement of the responding units of the PHD chamber in Punjab, Haryana, Delhi, UP, Chandigarh, Himachal Pradesh, Jammu and Kashmir, was 3147 kilo litres out of which 61 per cent was allotted and 55 per cent supplied. The shortfall was 2305 kilo litres—81 per cent of it being due to non-availability and the rest because of alleged lack of supply management. (See Table II). The table below indicates that while the vanaspati units got nothing against requirement of 15 kilo litres, the actual shortfall in the case of engineering goods was 79 kilo litres, for textile goods 1260 kilo litres, for ceramic and sanitarywares 942 kilo litres.

Likewise, in the case of diesel oil, the requirement of firms engaged in ceramics, sanitaryware, pharmaceuticals, textile and food products was around 1347.1 kilo litres. Against this, 1241 kilo litres were allotted and 1043 kilo litres were actually received by the chamber's responding units. There was an overall shortfall of 304 kilo litres, *i.e.* nearly 23 per cent of actual requirement. The survey has borne out that 35 per cent of the shortfall was due to non-availability.

Table I : Shortage situation of coal

(Unit: Wagon load)

Firms manufacturing	Quantity required	Quota allotted	Quantity received	Shortage due to		
				Non-availability Col 2-Col 3	Lack of supply management Col 3-Col 4	Overall shortage Col 2-Col 4
1	2	3	4	5	6	7
Vanaspati and food products ..	259	250	89	9	161	170
Sugar ..	45	36	8	9	28	37
Rice bran extractions	32	20	4	12	16	28
Ceramics and Sanitarywares ..	335	167	99	168	68	236
Carpets	174	154	44	120	110	230
Textile goods	347	347	207	—	140	140
Rubber products	23	11	19	12	8	4
Foundry	14	3	Nil	11	3	14
Total ..	1329	988	470	341	518	859

Table II : Shortage situation of furnace oil (Unit : Kilo Litres)

Firms manufacturing	Quantity required	Quota allotted	Quantity received	Shortage due to		
				Non-availability Col 3	Lack of supply management Col 3-Col 4	Overall shortage Col 2-Col 4
1	2	3	4	5	6	7
Engineering goods	255	186	176	69	10	79
Textile goods	1530	495	270	1035	225	1260
Vanaspati	15	0.68	Nil	14.32	0.68	15
Drugs and pharmaceuticals ..	105	105	91	—	11	11
Asbestos belts	38	N.A.	40	—	—	2
Ceramic and sanitarywares ..	3204	2442	2262	762	130	942
Total	5147	3228.68	2442	1878.32	41.68	2305

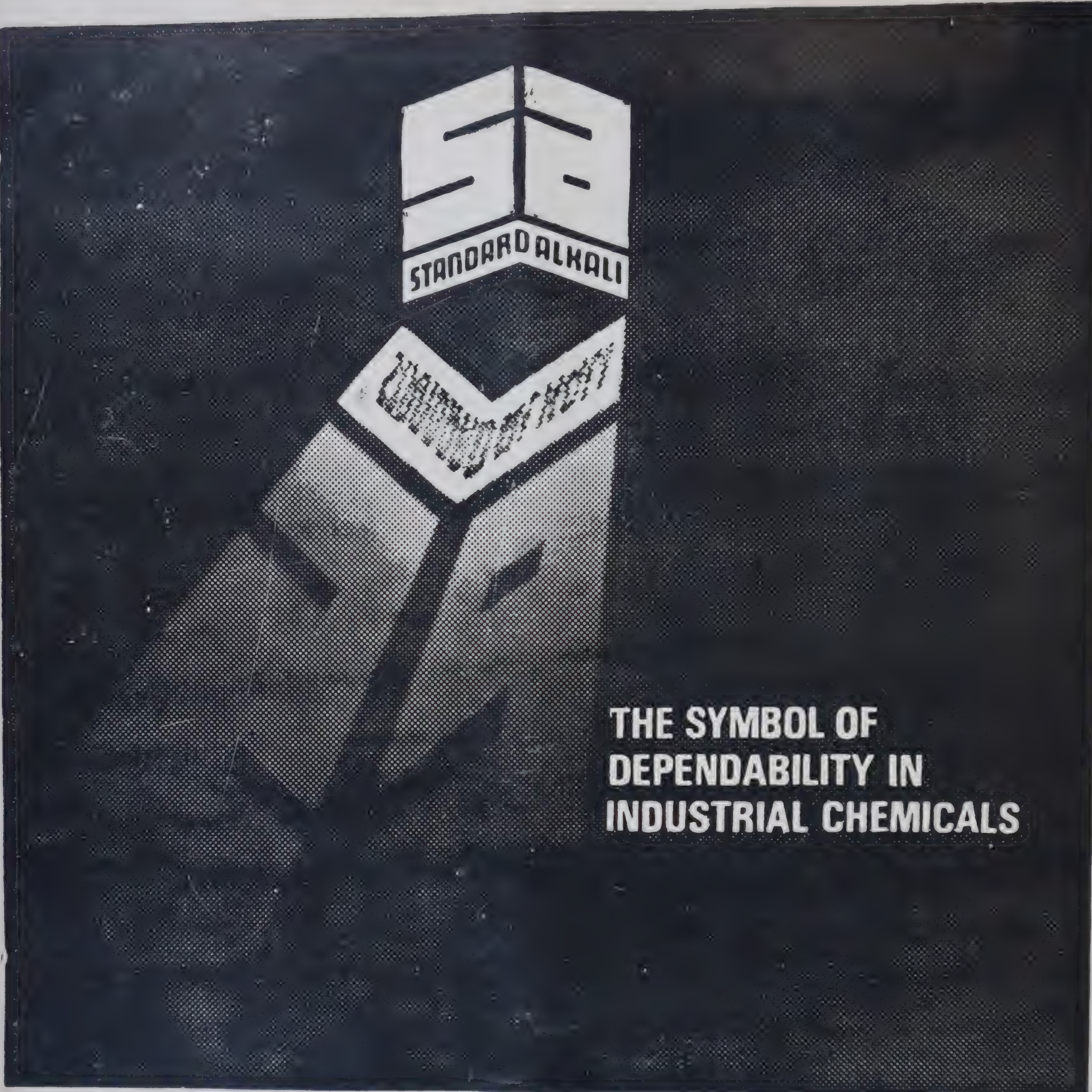
INDIAN DYESTUFF INDUSTRIES LTD.

IDI

MAFATLAL CENTRE, NARIMAN POINT, BOMBAY - 400 021
Phone . 23 46 43 Cable : NAVICET Telex : 11 3089 IDI IN

MANUFACTURERS OF

NAVINON VAT DYES
NAVIDON INDIGOID VAT DYES
NAVICET DISPERSE DYES FOR ACETATE/NYLON
NAVILENE DISPERSE DYES FOR POLYESTER
NAVICTIVE REACTIVE DYES
NAVIFAST PIGMENT POWDERS
NAVITEX PIGMENT EMULSIONS
DYE INTERMEDIATES
ALUMINIUM CHLORIDE ANHYDROUS
HYDROSULPHITE CONC. BT



STANDARD ALKALI

For over a decade, Standard Alkali's products have been known for their superior quality and competitive prices.

Our customer list includes just about every important name in the industry today.

Coming to think of it, Standard Alkali has become synonymous with dependability.

Products on tap from Standard Alkali—Hydrochloric Acid, Caustic Soda, Caustic Potash, Potassium Carbonate, Chlorine, Carbon Tetrachloride and Chloroform.

STANDARD ALKALI

Chemicals Division, The Standard Mills Co. Ltd.,
Mafatlal Centre, Nariman Point, Bombay-400 021.
Tel: 231823—Telex: MGMC IN 11 4240-4241—Telegram: Standchlor

PRESSMAN

Opportunities for Indo-US trade

BOMBAY

TRADE between India and the United States can grow substantially to the advantage of both nations. This was stated by US Ambassador to India, Mr Harry G. Barnes, while delivering his first public address in India at a recent meeting organised by the Indo-American Chamber of Commerce. Trade can grow, in part, because of the abundant talent represented by the business communities of the two countries, because their trade is essentially complementary and because there is on both sides a growing interest in expanding trade. Today, the United States is India's largest trading partner on both the export and import sides. In 1980, the two-way trade exceeded 2½ billion dollars and this year's figure is expected to be still higher.

Examining ways that are mutually advantageous and by which the two countries can boost the level of their trade, Mr Barnes said that technology transfer is certainly one approach and licensing agreements and joint ventures are already well-known methods. There is evidence in India of increased approvals for foreign collaboration arrangements. In 1980 nearly a quarter, or 126, of those approved were with American firms — more than with any other country. This trend appears to be continuing in 1981.

Giving his impressions gained from talks with a number of American firms in Dallas, Houston, New York, Chicago, Los Angeles and Washington, Mr Barnes said that companies not active in the Indian market tend to see India in stereotypes: as a remote, poverty-plagued land and an awesomely difficult place to do business because of what is seen as a socialist economy and an anti-foreign bias. The nationalisation of earlier years, perceived Soviet influence, withdrawal of IBM and Coca-Cola, and an enormous bureaucracy weigh heavily in these impressions. Their information about investment policies and practices tend to be outdated and distorted. As a rule they are not aware of market opportunities and success stories or the recent steps in India towards a more pragmatic approach, including growing interest in business collaborations with foreign firms.

By contrast, companies experienced in India project a more positive and optimistic image of the Indian scene. They sense a changing, more positive attitude toward the private sector and are generally more hopeful now than in the recent past. They see the economy improving over the mid-term under more

INDIAN ECONOMY: BASIC INDICATORS

By Commerce Research Bureau

WEEKLY INDICATORS

Wholesale Price Index (1970-71=100)

	During the week ended				Percentage variation			
	Dec. 5 1981	Nov. 28 1981	Nov. 7 1981	Dec. 6 1980	Over a week	Over a month	Over a year	Over two years
Manufactured products ..	262.1	263.6	266.1	256.3	—0.6	—1.5	2.3	15.9
Primary articles	263.9	264.1	265.3	241.1	—0.1	—0.5	9.5	23.3
Fuel, power, lubricants etc.	437.5	437.5	437.5	357.5	—	—	22.4	48.1
All commodities	277.7	278.5	280.3	258.4	—0.3	—0.9	7.5	22.3

Money and Banking

	During the week ended				Percentage variation			
	Dec. 11 1981	Dec. 4 1981	Nov. 13 1981	Dec. 12 1980	Over a week	Over a month	Over a year	Over two years
Money supply (M3) (b) ..	60,598(a)	60,360(a)	60,288	52,176(a)	0.4	0.5	16.1	36.1
Bank credit	28,411	28,252	28,171	23,415	0.6	0.9	21.3	39.7
Aggregate deposits ..	42,452	42,359	42,101	35,616	0.2	0.8	19.2	39.5
Foreign exchange reserves(a)	4,161	4,215	3,993	5,408	—1.3	4.2	—23.1	—29.5

MONTHLY INDICATORS

	Latest month				Previous month	Percentage variation over previous month	Recent trend(c) (Percent)
	Unit	Month		Amount/ Index			
Industrial production (crude Index)	1970=100	Oct.	1981	153.5	156.0	1.6	11.4
Exports	Rs. crores	June	1981	464	531	—12.6	—0.4
Imports	Rs crores	June	1981	941	893	5.4	—1.5
Trade balance	Rs crores	June	1981	—477	—362	—	—
Foreign exchange reserves (a)	Rs crores	Nov.	1981	3,919	4,152	—5.6	—17.8
Wholesale price Index ..	1970-71=100	Nov.	1981	279.8	283.6	—1.3	11.1
Consumer price Index for Industrial workers ..	1960=100	Sept.	1981	456	454	0.4	13.7
Unemployment(d)	Lakhs	June	1981	165.1	163.5	1.0	9.4

ANNUAL INDICATORS

	Unit	1980-81	1979-80	1973-74	Percentage variation in 1980-81 over 1979-80	Annual rate of growth between 1973-74 and 1980-81
Real national Income ..	1970-71=100	136.6(a)	126.7	105.1	7.8	3.8
Real per capita Income ..	1970-71=100	110.9(a)	104.8	98.1	5.8	1.8
Agricultural production	Triennium ending 1969-70=100	132.4	116.5	112.4	13.6	2.4
Foodgrains production ..	Million tonnes	130	110	105.0	18.2	3.1
Industrial production ..	1970=100	154.4	148.1	112.6	4.2	4.6
Exports	Rs crores	6,705	6,459	2,523	3.8	15.0
Imports	Rs crores	12,330	9,022	2,955	36.7	22.6
Trade balance	Rs crores	—5,535	—2,449	—432	—	—
Foreign exchange reserves*	Rs crores	5,316	5,706	764	—6.8	31.9
Money supply (M3) (b) ..*	Rs crores	55·222	46,801	17,571	18.0	17.0
Bank credit	Rs crores	25,270	21,537	7,339	17.3	19.3
Aggregate deposits ..	Rs crores	37.847	31,759	10,139	19.2	20.7
Wholesale prices (average)	1970-71=100	256.6	217.6	139.7	17.9	9.1
Consumer price Index for industrial workers*	1960=100	420	373	275	12.6	6.2
Unemployment(d)** ..	Lakhs	162	143	82	13.3	10.2

Notes: (a) Estimated by Commerce Research Bureau. (b) Includes currency with the public, deposit money of the public and time deposits with banks. (c) Figures indicate percentage change during the current fiscal year up to the latest month indicated as compared with the corresponding period in the preceding fiscal year. (d) Data relate to number of jobseekers on the live register of employment exchange. * Financial year-end data. ** Calendar year-end data. (...) = Not available pragmatic policies and point to stepped-up foreign commercial borrowing as a good omen of India's standing abroad. They believe, modestly, that US firms are uniquely capable of responding to India's determination to obtain technology needed to bring about greater modernisation and higher productivity in Indian industry. A number of major US firms are taking a fresh look at India.

Nonetheless, even these US firms believe that fundamental problems (including attitudinal ones) remain, which temper their current relative optimism. They, therefore, exercise caution in approaching new business ventures. Among the elements frequently mentioned as contributing to an inclement business climate in India are : the cumbersome approval procedure which demands an unusual degree of patience and persistence in proportion to the likely return; an economy not only over-restricted and over-protected but also seen as deeply chauvinistic; and a deep suspicion of any foreign economic involvement with an underlying philosophy disdainful of profit.

The picture of firms operating in India also emerges as mixed. It is difficult to get started in India; once established, however, these firms are satisfied with their operations and relationships with Indian partners. Those who persevere have generally done well. They note, however, the long delays in negotiating contract terms half-way around the world in pursuit of their interests. They compare these and the subsequent paper and procedural thickets with the "one step" system developed by other Asian countries. Clearing of goods through customs and congested ports and, at times, payment delays — all these factors add to overhead costs and not only discourage entry into the market of newcomers but also, sometimes, discourage new activities by experienced firms. In business dealing with advanced technology it is felt by many that India prefers short-term licensing arrangements to long-term relations such as joint ventures.

Mr Barnes said that there are fields where co-operation would include collaboration among universities and other research institutions as well as strong commercial ties. One field for co-operation is energy. Given the importance of meeting the energy needs of both countries, there ought to be a whole series of ways, be they in offshore oil exploration and recovery, or alternate sources like ocean, thermal, solar or bio-mass conversion in which India and the US can cooperate.

Mr John O. Sims, president of the Indo-American Chamber of Commerce said that India's share in US imports is on a declining trend, from 0.52 per cent of total US imports in 1979, it declined to 0.48 per cent in 1980. India's share in US exports has marginally increased from 0.64 per cent in 1970 to 0.77 per cent in 1980. These trends are signals that greater effort must be made if both nations are to increase their share of overall trade.

The chamber feels it is in the best interests of both India and the US to enter into joint venture relationships with respect to servicing Third World countries such as West Asia. The United States has the technical know-how and managerial expertise. India has a vas pool of both skilled and unskilled labour that could be shifted to the West Asian region and other countries for major construction projects. Combining the strength of the US technological base with the stability of the Indian workforce and technical staff constitutes an almost perfect match for competitive bidding in almost any country. According to Mr Barnes, besides trade and investment, the area which has hitherto not been completely exploited is Indo-US tourism.

JAIPUR DEVELOPMENT AUTHORITY

A white elephant?

JAIPUR

THE Mathur Government has taken the first major policy decision to set up Jaipur Development Authority for the overall development of the pink city and seven adjoining towns and 334 villages embracing an area of about 1,466 sq km. JDA's set up, as proposed by the Government, follows the pattern of DDA.

The need to form JDA was being felt for a long period considering the haphazard growth of the city whose population showed an increase of 58 per cent in the last decade. The city's population may touch 2.5 million by the end of 2001. It is felt that the Urban Improvement Trust, which is now being wound up, has not been able to conduct its affairs properly.

In the last decade the increase in population of the city was roughly 4 lakhs and as against this the housing problems of only 6,000 families were solved during the period by the UIT and the Housing Board. The result has been unplanned colonisation with hundreds of housing societies having colonised large agricultural areas. There have been numerous cases of encroachment on government as well as private lands.

No less than 147 *kaccha bastis* on the government land have sprung up during the period having 36,620 families with 1.83 lakh people. No reliable data are available on the encroachment on private lands.

JDA, says the Chief Minister, Mr Shiv Charan Mathur, is being invested with sufficient functional autonomy, a strong resource base and organisational competence to plan in perspective, prepare master plans for the area, launch development projects and ensure their timely execution. One important feature of JDA is that its jurisdiction will embrace the entire area where the impact of the future urbanisation of Jaipur region in the perspective of the next 2-3 decades is going to be felt.

The setting up of JDA will not affect the working of the local government set-up now obtaining in the area of its proposed jurisdiction. In other words, the municipalities, the panchayat samities and panchayats will continue to operate as at present.

Interestingly JDA will be a three-tier authority, a decision which had drawn adverse criticism here. It is felt that the proposed three-tier authority will not facilitate the smooth working of JDA and it will encounter numerous practical problems as a result.

JDA will have 30 members altogether with the Chief Minister acting as its chairman. The State Government will have nine officers on it whereas the Chief Minister will have seven nominees. The Union Government will have four nominees on JDA. The former ruler of Jaipur is also being given a place in JDA. The second tier would be called the executive committee, presided over by the Jaipur Development Commissioner. It will consist of representatives of all the departments concerned doing the urban development of Jaipur. The executive committee will take decisions on day-to-day basis. The third tier will be the Jaipur Development Commissioner himself who will function as the chief executive of JDA. Besides there will be three full time directors.

In essence the Jaipur Development Commissioner will be the kingpin of JDA and, in all likelihood, the job will go to a senior IAS officer. Judged by the constitution of the authority, its functioning may pose some problems. It has all the potentialities of becoming yet another 'white elephant' in Rajasthan.

JDA will also form functional boards to look after some of the specialised services like transport, communications, water resources management, environment and ecology, housing and urban renewal etc.

CORPORATE SECTOR

In the market

lecon Engineering Company

Elecon Engineering Co Ltd Regd Office: Anand Sojitra Road, allabh Vidyanāgar 388 120) is enering the capital market on Janury 4 with a public issue of 5.50 akh secured convertible debentures f Rs 100 each totalling Rs 5.50 rores.

The company is a leading maufacturer of sophisticated mateal handling and specialised coneying equipments. It also manuctures worm, helical and spiral evel helical gears. Its products re used in core-sector industries ke iron ore mines, coal and lignite ines, thermal power stations, ceent plants, fertiliser plants, port rusts and steel plants. The comany is the first in Asia to manucture barrel type blender reclaiers, four gigantic types of which ave been supplied to the Bokaro eel plant.

Mr B. I. Patel, chairman and anaging director of the company, old newsmen that the company had n enviable record of uninterrupted erformance for the last 13 years. here was consistent demand for he products and orders on hand ere valued at Rs 75 crores.

Elecon has had a good record profit in the past. For 1980 the perating profit before tax amountd to Rs 156 lakhs and net profit ter tax to Rs 123 lakhs. Reprenting an annual return of 96 per nt and 76 per cent respectively n the paid up equity capital of s 162 lakhs. The company's turnver during the first six months of e current year has amounted to s 15.90 crores as against Rs 10.99 ores for the same period in the evious year, representing an inease of 44.68 per cent. The comny made a bonus issue in the tio of 1 : 2 in 1981.

The company has now underken a programme for modernisaon of facilities and expansion of its pacities at an estimated cost of s 18.50 crores. The proposed issue convertible debentures is to meet part of the cost of the programme hich is expected to be completed December 1982. Turnover then ill rise to about Rs 45 crores, Mr Patel said. Additional interest of one per cent will be available to debenture holders in the first year itself as the company has already paid equity dividend in excess of 15 per cent for its 1980 performance.

The issue is managed by the merchant banking divisions of State Bank of India and Industrial Credit and Investment Corporation of India.

Mukand Iron and Steel Works

Mukand Iron and Steel Works Ltd (Regd Office: Lal Bahadur Shastri Marg, Kurla, Bombay 400 070) is entering the capital market on January 15 with a public issue of 2,27,500 convertible debentures of Rs 200 each, totalling Rs 4.55 crores. Side by side 1,22,500 debentures are being issued on a preferential basis to shareholders, fixed deposit holders, employees and business associates of the company. The proceeds of the issue will be utilised to meet part of the cost of the first phase of a modernisation programme at the company's works that is already well under way. The subscription list will close on January 27 or earlier but not before January 19.

Mr Viren J. Shah, chairman of the company, told newsmen that the first phase of modernisation that will include setting up an easy draw continuous cooling system, the first of its kind in the country, will cost Rs 14 crores and will be financed with debenture issue worth Rs 7 crores, deferred credit facilities Rs 1.72 crores and internal cash accruals Rs 5.28 crores. To be completed by June 1983, the first phase will be immediately followed by the second costing Rs 6 crores. On completion of the entire modernisation programme in 1983-84, the company's stainless steel output will go up to 15,000 tonnes a year, of alloy steels to 30,000 tonnes and special steels to 45,000 tonnes compared with 3,284 tonnes, 10,237 tonnes and 30,202 tonnes respectively produced in 1980-81. Mukand has an even more ambitious scheme in hand, according to Mr Shah, which involves producing 200,000 tonnes of sponge iron annually, purely for captive use, and for doubling billet making capacity to 270,000 tonnes at a total cost of Rs 39 crores. However, no public issue is contemplated for financing this scheme. Instead, the company will rely on borrowings and internal accruals.

An attractive feature of the debenture issue is that the debenture holders will be entitled to an additional interest of one per cent since the company has already paid dividend in excess of 12.33 per cent for the year 1980-81 and for 1981-82 also similar higher dividend is likely. Mukand has been doing extremely well with sales rising from Rs 66 crores in 1978-79 to Rs 110.34 crores in 1980-81 and projected to go up further to Rs 150 crores in 1981-82. The turnover, after modernisation, is expected to go up to Rs 200 crores to Rs 250 crores. Recently, a new three-year labour accord has been reached, in view of which the company expects to have an uninterrupted performance over the coming years.

Hero Fibres

Hero Fibres Ltd (Regd Office: Hero Nagar, G. T. Road, Ludhiana 141 003) is entering the capital market on January 14 with a public issue of 13.23 lakhs equity shares of Rs 10 each, totalling about Rs 1.32 crores. The issue is managed by State Bank of India. The subscription list will close on January 25 or earlier but not before January 18. The company, which has been promoted by the well-known manufacturers of cycles, Hero Cycles Private Ltd and its allied concerns, is setting up a spinning mill with 17,136 spindles at Jitwal Kalan in Sangrur district of Punjab to manufacture cotton carded, hosiery, acrylic and polyester/viscose blended yarns in various counts.

Mr Brij Mohan Lal Munjal, chairman and managing director of the company, told newsmen that he expected the entire production to be sold in nearby centres like Ludhiana. Amritsar, etc, which had a heavy concentration of textile and hosiery mills. Raw materials like cotton also were available practically at next door since the plant has been located in a cotton growing area. Acrylic and synthetic fibres will come from IPCL, Baroda, and J. K. Synthetics. The project will cost Rs 7.15 crores and will be financed as follows: equity capital

Rs 2.70 crores and term loans Rs 4.45 crores. Mr Munjal disclosed that installation of 8,000 more spindles was on the cards. Production was expected to start by June 1982 and turnover in the first full working year was likely to be Rs 6 crores, which could double in the following year.

Pasupati Spinning & Weaving

Pasupati Spinning & Weaving Mills Ltd, New Delhi, is offering for public subscription at par 9.70 lakh equity shares of Rs 10 each totalling Rs 97 lakhs. The subscription list opens on January 4. The company is setting up a spinning mill at Kapriwas, Dharuhera, in Mohindergarh district of Haryana with a complement of 15,360 spindles for the manufacture of synthetic blended yarn.

Telangana Paper Mills

Telangana Paper Mills Ltd Khammam (Andhra Pradesh) has offered for public subscription at par 8.80 lakh equity shares of Rs 10 each totalling Rs 88 lakhs. The company is setting up a plant at Naikangudem in Khammam district of Andhra Pradesh for manufacture of 10,000 tonnes per annum of paper.

Abbott Laboratories (India)

Abbott Laboratories (India) Ltd, Bombay, is offering for public subscription 4.09 lakh equity shares of Rs 10 each (at a premium of Rs 6 per share) totalling Rs 40.90 lakhs. The subscription list opens on January 4. The company is setting up a plant at Patalganga in Maharashtra for the manufacture of bulk drugs and chemicals.

Calcutta Flour Mills

Calcutta Flour Mills Ltd is offering for public subscription at par 1,30,130 equity shares of Rs 10 each totalling Rs 13.01 lakhs. The subscription list opens on January 4. The company is engaged in making flour, rise and allied preparations.

Other developments

Shree Vallabh Glass doing well

The working of Shree Vallabh Glass Works during the current year has been satisfactory in spite of the severe continuous escalation in prices of raw materials and severe internal competition, according to Mr Jayvadan Taktawala, chairman of the company. He told the annual general meeting of the company held recently that sales during the first five months were of the order of Rs 12.41 crores as against last year's sales of Rs 9.26 crores the same period. Total sales of the company during 1980-81 were of the order of Rs 25.48 crores and the results showed a net profit of Rs 3.66 crores. Mr Taktawala also informed the shareholders that the company's exports during the first five months of the current year totalled Rs 80 lakhs and that the company is expected to reach an export target of Rs 4 crores in 1981-82.

Mr Taktawala expected the domestic demand for glass to expand in the coming years. The prosperity of the sheet glass industry, he pointed out, was linked with the economic growth and increase in the standard of living and he welcomed the high priority given by the governments at the Centre and in the states to house building activities. As against the Fifth Plan allocation of Rs 600 crores the Sixth Plan, he said, envisaged an expenditure of Rs 1,500 crores on house building activities. About Boisar project, he said, most of the machineries had been installed and the project was expected to start by early 1982. He said the project showed an overrun of Rs 7.20 crores. The project would have gone through according to the time scheduled and within the range of estimated cost but for factors beyond the company's control.

Kothari (Madras) : Debenture issue coming

Kothari (Madras) Limited has received the consent of the Controller of Capital Issues for issue of 10 lakhs—13.5 per cent secured convertible debentures of the face value of Rs 100 each for cash at par, with preferential allotment worth Rs 400 lakhs as: a) existing equity shareholders, Rs 325 lakhs, b) existing preference shareholders, Rs 1 lakh; c) deposit-holders of the company, Rs 24 lakhs; and d) directors, employees and business associates Rs 50 lakhs.

The unsubscribed portion, if any, on the preferential allotment will be added to the public subscription. The debentures will carry an additional 1 per cent interest payable in any year, if for the immediately preceding year, the company has declared a dividend on its equity at a rate of 20 per cent or more.

The debentures are convertible
on July 1, 1983 or such date as may
be fixed by the board of directors
The board has fixed October 1, 198
as the date of conversion. On con
version, the debenture-holders wil
get two equity shares of Rs 10 each
at a premium of Rs 8 per share in
respect of every debenture held by
them and the balance amount of R
64 per debenture will be repaid i
four equal annual instalments i
the 7th, 8th, 9th and 10th year res
pectively, from the date of allot
ment.

In the event of the compan
issuing bonus shares prior to th
date of conversion, the entitlemen
of debenture holders to the equit
shares in the company shall stan
augmented in the same proportio
in which the equity capital of th
company is increased by issue
such bonus shares and the premiu
on equity shares to the issued share
shall stand reduced *pro tanto.*

The issue of debentures will
made some time towards end
January 1982.

J. K. Synthetics to expand

J. K. Synthetics Ltd propos
to enter the capital market short
with a convertible secured debe
ture issue of Rs 25 crores to raise
part of the finance required for i
polyester filament yarn project
6,000 tonnes per annum, at Kot
Rajasthan and to augment its lon
term working capital requiremen

The company already has fo
synthetic fibre plants manufacturi
nylon and polyester yarns of all vari
ties including textured yarns, nyl
tyre cord, polyester staple fibre a
acrylic staple fibre. It has t
plants for the manufacture of 7.
lakh tonnes per annum of ceme
It has also three engineering fa
tories. The company has plann
massive investment for substantial
increasing the capacities of its va
ous plants. It is also entering ne
fields. The new projects includ
project for additional capacity
6,000 tonnes per annum of polyes
filament yarn, project for additio
capacity of 6,000 tonnes of polyest
staple fibre increasing its prese
capacity to 12,000 tonnes per annu
third portland cement project wi
an annual capacity of 4.20 la
tonnes per annum, project for ma
facturing white cement with
annual capacity of 50,000 tonnes
annum, increase in nylon tyre co
fabric manufacturing capacity
1,780 tonnes per annum, moderni

on of its nylon and polyester yarn
ant which will increase its present
pacity by 25,000 tonnes per annum,
d installation of balancing equip-
ents in its acrylic staple fibre plant
hich will enable it to process the
ore waste.

While some of the projects will
e completed by 1982, all of them
re likely to be commissioned by
983. These projects involve a total
apital outlay of Rs 180 crores.

amani Engg to raise capital

Kamani Engineering Corpora-
ion Ltd has decided to increase its
uthorised capital from Rs 2 crores
o Rs 10 crores. It also proposes to
ssue 2 lakh convertible secured
ebentures of Rs 300 each totalling
ls 6 crores subject to the approval
f the Controller of Capital Issues
nd the financial institutions.

oltas pays 20 per cent

Voltas Ltd has reported higher
otal sales for the year ended August
981 at Rs 340.47 crores compared
o Rs 288.01 crores in the previous
ear. The net profit, after provid-
ng Rs 6.93 crores (Rs 6.19 crores)
or interest payments, Rs 1.06 crores
Rs 1 crore) for depreciation and Rs
.60 crores (Rs 50 lakhs) for taxa-
ion, amounted to Rs 4.21 crores (Rs
.68 crores). The equity dividend
ecommended for the year under re-
iew is 20 per cent (18 per cent)
ayable on the higher capital result-
ng from 1 : 4 bonus issue made dur-
ng the year under review. An
mount of Rs 23 lakhs (Rs 6 lakhs)
s transferred to investment allow-
nce/development rebate reserve and
ls 2.58 crores (Rs 2.50 crores) to
eserves. Sales for the first quarter
f the current year totalled Rs 75.74
rores.

rescent Dyes: Higher sales, ower dividend

Crescent Dyes and Chemicals
formerly ICI India Ltd.), has con-
luded the working year ended Sep-
ember 30, 1981 with higher sales
f Rs 41.45 crores, compared to Rs
8.10 crores in 1980. Although sales
f dyes and textile auxiliaries were
ome 9 per cent and 10 per cent
igher, respectively, than the levels
chieved last year, the profit margins
n these products were depressed as
ompetition was intense and reali-
ations were under pressure. While
ales of heat treatment salts and thinners showed marginal improvements, there was a substantial reduction in both production and sales of polythene extrusion products.

The Government has issued a letter of intent to the company for the manufacture of 2.500 tonnes per annum of methyl chlorosilanes with partial conversion to silicone intermediates and selected finished products. The directors have recommended a dividend of 13 per cent on the share capital of Rs 2.40 crores, against one of 17.5 per cent last year.

Furmanite-Nicco to diversify

Furmanite-Nicco, a joint venture of Furmanite International of UK and National Insulated Cable Company of India, has made a success of its operations in the first year it self. It has been providing a very useful service to Indian industry, especially continuous process industries through the Furmanite process for on-line leak sealing by which repairs are carried out on a running line. Most conventional maintenance methods involve plant shutdowns which are expensive and time consuming, whereas the Furmanite process allows the factory to be kept running and does not intefere with production. Saving the plant and equipment from being damaged due to erosion is another major merit claimed for the process.

The service that Furmanite-Nicco has been rendering in India during the past one year already covers many units in power generations, fertiliser, petrochemical, oil refineries and other continuous process industries. The operations of the company will be expanded by increasing its network of offices. Making safety equipment for exports is a notable diversification project.

Indian Explosives: Record sales

Indian Explosives had record sales at Rs 128 crores in the year ended September 1981, nearly 90 per cent higher than last year's total sales of Rs 68.15 crores. The increase was mainly due to the substantial higher production and sales of the urea fertiliser. The sales volume of explosives also increased by 11 per cent to 33,074 tonnes. Price increases for explosives also contributed to the increase in the sales value.

Profit before tax at Rs 7.39 crores was higher than the previous year's Rs 1.2 crores. Interest payment, however, increased to Rs 3.90 crores compared to Rs 1.51 crores of the previous year, because of higher borrowings to meet the escalation in working capital requirements and sustenance capital.

The project for expansion of manufacturing capacity for urea from 4.50 lakh tonnes to 6.75 lakh tonnes was completed in record time, and commerical production from the new plant commenced from September 17, 1981. The new plant is operating satisfactorily. The Kanpor fertiliser plant of the company is today the country's largest urea producing plant. However, the record performance achieved by the fertiliser division during the first six months of the year could not be maintained in the second half mainly due to the unsatisfactory and unstable power supply, and the shutdown required to connect the new stream with the existing streams. Since September 14, a 25 per cent power cut was imposed, and the power cut currently in force is 20 per cent. The total production of urea during the financial year was 3.88 lakh tonnes.

The company has received a letter of intent from the Government for the manufacture of 100 tonnes of primary reforming catalysts at the Panki factory. The details of the collaboration agreement have been finalised with Imperial Chemical Industries and the agreement has since been submitted for their approval. The 12 mw captive power plant project is expected to be commissioned in the first quarter of 1983. The directors have recommended a taxable dividend of Rs 1.25 per equity share.

Vidya Sahakari Bank's new branch in Pune

Vidya Sahakari Bank, one of the leading co-operative banks from Pune, run by academecians and others has opened its first branch in 'Sahakarnagar' area of Pune.

Forthcoming company meetings

JANUARY 2 TO JANUARY 8

BUNDY TUBING OF INDIA LTD, Tiam House, 28, Rajaji Road, Madras 600 001. **(January 4, 4 p.m.)**

ELECTRIC CONSTRUCTION & EQUIPMENT COMPANY LTD, ECE House, 28-A, Kasturba Gandhi Marg, New Delhi 110 001. **(January 5, 4 p.m.)**

Financial analysis of operations of non-financial companies

Compiled by Commerce Research Bureau

(Rs lakhs)

Name of the Company	Associated Cement Companies		Dalmia Cement (Bharat)		Orissa Cement		Saurashtra Cement & Chemical Industries		Shree Digvija Cement Co.	
Industry Group	Cement		Cement		Cement		Cement		Cement	
	Year ended March		Year ended December		Year ended December		Year ended June		Year ended December	
Item	1980	1981	1979	1980	1979	1980	1980	1981	1979	1980
Liabilities (at the end of the year)										
1. Net worth (i+ii)	5,276.0	5,223.9	337.3	825 2	1,470.2	1,579.2	813.2	709.6	1,129.2	1,167.
(i) Paid-up capital (a + b)	3,323.1	3,323.1	318.1	337.3	310.0	310.0	450.0	400.0	379.2	379.
(a) Equity	3,323.1	3,323.1	286 9	286.9	270.0	270.0	400.0	400.0	299.3	299.
(b) Preference	—	—	31 2	50.4	40.0	40.0	50.0	—	79.9	79.
(ii) Reserves	1,952.9	1,900.8	455.2	487.9	1,160.2	1,269.2	363.2	309.6	750.0	788.
2. Borrowings (i+ii)	6,272.2	10,144.2	216.0	618.3	260.6	1,083.5	6.0	207.7	351.1	668.
(i) Long-term	2,786.9	7,091.1	43.6	139.9	69.1	152 9	5 9	201.0	14.5	55.
(ii) Short-term	3,485.3	3,053.1	172.4	478.4	191 5	930 6	0.1	6.7	336.6	612.
3. Non-current liabilities and provisions	—	—	7.9	15.0	1.8	29 8	—	—	8.0	8.
4. Current liabilities and provisions	7,337 7	8,749.0	977.3	1,133.4	1,388.1	1,898 5	589.7	861.2	1,174.6	1,488.
Assets (at the end of the year)										
5. Gross fixed assets	16,976.9	22,342.7	990.4	1,345.0	1,757 3	2,478.9	1,276 8	1,297.3	1,781.0	1,917.
6. Less depreciation	8,064.6	8,664.1	645.5	706.5	1,140.3	1,314.4	714.2	748.4	1,133.5	1,209.
7. Net fixed assets (5—6)	8,912.3	13,678.6	344.9	638 5	617.0	1,163.6	562 6	548.9	647.5	707.
8. Current assets (i + ii + iii)	9,115.9	9,573 7	1,583.5	1,894 9	2,477.2	3,379.9	846.3	1,229.6	1,898·6	2,507.
(i) Inventories	4,981 7	5,283.5	614.8	785.8	1,712.5	2,468.7	543 1	710.7	1,071.7	1,153.
(ii) Receivables and loans and advances	3,837 8	4,034.5	608.8	814.1	623.7	535 5	253.9	474.7	694.8	981.
(iii) Others	296 4	255.7	360.0	295.0	141.0	375.7	49.3	44 2	142.1	372
9. Other assets	857.7	864.8	46.0	85.5	26.5	47.5	—	—	116.8	117.
Total : Liabilities (1 to 4) or Net assets (7 to 9)	18,885.9	24,117.1	**1,974.5**	**2,591.9**	**3,120.7**	**4,591.0**	**1,408.9**	**1,778.5**	**2,662.9**	**3,332**
Value of production and other income										
10. Sales/income net of excise duty, discounts and selling commission	16 355.7	20 232 0	2,902.5	3,229.0	4,469.9	5.392 0	1,123 5	1.025 3	4,538.9	4,967.
11. Increase in stock of finished goods and work in progress	13.4	–38.8	59.4	96.5	206.5	292.2	9 9	60.2	–38.1	61.
12. Value of production (10 + 11)	16,369.1	20,193.2	2.961.9	3,325.5	4,676.4	5.684 2	1 133 4	1 085 5	4,500.8	5,029.
13. Other income	386 0	406 2	89.0	96.4	69 7	79.0	14 4	23 9	30.1	27.
Expenditure										
14. Materials, stores and other mfg. expenses	10,225 2	12,680.4	1,556.6	1,940.5	3,093.7	3,986 5	913 3	905.9	3.468.2	4,042
15. Current repairs	1,490.7	1.716.9	150.6	153.1	156.9	231 7	42 7	95.0	58.1	58.
16. Salaries and wages	3,032 1	3,488 2	206.2	199.7	355.2	377.4	60.2	63.8	311.6	349.
17. Welfare expenses	123.7	153.7	26.5	39.3	24.1	27.6	0.3	0 3	27.9	31.
18. Managerial remuneration	—	—	0.8	0.8	5.1	4.0	—	—	—	—
19. Other expenses	770.7	933.9	833.8	795.2	434.5	485 2	40 7	42.1	184.3	212.
20. Depreciation	631.4	689.8	50.0	72.8	66.2	168.3	50.5	49 2	68.7	77.
21. Other provisions	—	—	—	—	—	—	—	—	—	—
22. Operating profit (12+13)—(14 to 21)	481.3	936.5	226.4	220.5	610.4	482.5	40.1	–46.9	412.1	284.
23. Interest	456.8	800.1	23.2	44.1	27.1	111.8	1.3	12.9	58.9	110.
24. Tax provision	—	—	141.5	103.0	370.0	216 0	11.0	—	215.0	95.
25. Profit after tax (22—23—24)	24.5	135.4	61.7	73.4	213.3	154 7	27 8	–59.8	138.2	88
Appropriations										
26. Dividends (i + ii)	332.3	332.3	54.5	47.9	69.8	69 8	44.7	—	50.1	50.
(i) Equity	332.3	332.3	51.7	43.0	67.5	67 5	40.0	—	44.9	44.
(ii) Preference	—	—	2.8	4.9	2.3	2 3	4.7	—	5.2	5.
27. Profit retained (25—26)	–307.8	–195.9	7.2	25.5	143.5	84 9	–16.9	–59.8	88.1	38.
Total : Value of production and other income (12+13) or Expenses and appropriations (14 to 22)	16,755.1	20,599.4	**3,050.9**	**3,421.9**	**4,746.1**	**5,763.2**	**1,147.8**	**1,109.4**	**4,530 9**	**5,056.**
Operational indicators (per cent)										
(a) Net worth/total net assets	27.9	21.7	39.2	31.8	47.1	34.4	57.7	39.9	42.4	35.
(b) Inventories/net sales	30 5	26.1	21 2	24.3	38.3	45.8	48 3	69.3	23 6	23.
(c) Operating profit/net sales	2 9	4.6	7.8	6.8	13.7	8.9	3.6	..	9.1	5.
(d) Operating profit/total net assets	2.5	3.9	11.5	8.5	19.6	10.5	2.8	..	15.5	8.
(e) Profit after tax/net worth	0.5	2.6	8.0	8.9	14.5	9 8	3.4	..	12.2	7.
(f) Equity earning/equity capital	0.7	4.1	20.5	23.9	78.1	56.4	5.8	..	44.4	27.
(g) Equity dividend	10.0	10.0	18.0	15 0	25.0	25.0	10.0	—	15.0	15.
(h) Equity dividend coverage. (No. of times)	0.1	0.4	1.1	1.6	3.1	2.3	0.6	..	3.0	1.
(i) Paid-up value per equity share (Rs.)	100.00	100.00	10.00	10.00	10.00	10.00	100.00	100.00	100.00	100.0
(j) Market price of an equity share (Rs.)	115.50	183 64	16.00	15.50	39.00	37.75	142.50	110.00	168.75	169.8
(k) Gross yield	8.7	5.4	11.3	9.7	6.4	6.6	7 0	..	8.9	8.
(l) Gross fixed assets formation	18.6	31.6	6.3	35.8	14 8	41.0	5 6	1.6	3.4	7.
(m) Debt/equity	0.53:1	1 36:1	0.06:1	0 17:1	0.05:1	0.10:1	0.01:1	0.28:1	0.01:1	0.05:

NOTES : .. Category not applicable ... Amount/Percentage is negligible — Amount is nil N.Q. Not quoted N.A. Not available

The profit figures shown in the above statement have been calculated by making, wherever necessary additions or deductions of vario items so as to show the true profit pertaining to the particular year on a uniform and comparable basis. Similar adjustments are sometim made in other items also. Totals may not add up due to rounding off.

EQUITIES

981 ends on good note

Bombay, December 28

The Bombay Stock Exchange ade farewell to 1981 with a heerful note. As a sequel to hort-covering and fresh buying upport, equities rallied smartly. he closing was almost at the eek's best rates-recording wide-pread moderate-to-significant ains. Activity was fairly large. he margins threat held out by SE authorities had no effect on he equity sentiment.

Encouraged by reports of bet-er response evoked by bearer onds, several counters witnessed ncreased bull support. Short-overing induced by the Christmas olidays also contributed to the eneral rising trend. The market-nen feel that the better response o the bearer bonds would help he corporate sector. The Union inance Minister, Mr R. Venkata-aman, had already warned that f the bearer bonds failed to at-ract good response, the nation hould be prepared to face a eavy dose of taxation in tho 982-83 budget. As the response as reportedly good, the corporate ector is expected to be let off ghtly.

There were several bright pots in the cleared as well as in ne cash sections. Century firmed p by Rs 22 to Rs 960 but Stand-rd yielded further ground owing o continued labour trouble at its alyan textile unit. The scrip, hich lost 13 points at Rs 377 in ne previous week, dropped fur-her by Rs 7 to Rs 370. TELCO hot up by Rs 59 to Rs 729 on opes of early approval of CCI nsent for the proposed bonus sue of two-for-five. ACC was arked up by Rs 12 to Rs 196, ata Steel by Rs 12 to Rs 358, oltas by Rs 20 to Rs 289, PAL y Rs 27 to Rs 391 and Swan ills by Rs 23.75 to Rs 236.25. arsen and Toubro surged for-ard by 10 points to hit a new eak at Rs 85 on hopes of early anction for the proposed bonus sue. Mukand and Tata Chemi-als recorded a net gain of Rs 2 ach at Rs 37 and Rs 51.

Great Eastern Shipping came for fresh selling pressure and e scrip slipped back by Rs 2.50 Rs 43.50. Scindia just ruled eady in the absence of further lling. Amar Dye-Chem suffered rther setback with a fall of Rs 50 to Rs 142.50 on continued bour trouble at its Kalyan plant. ndustan Motors was a shade tter at Rs 30.50 whereas Gwalior ayon was quietly steady at Rs 75.

THE WEEK'S PRICE RANGE

(Compiled by Commerce Research Bureau)

	Closing quotations 19-12-81	High	Low	Closing quotations 24-12-81
CLEARED SECURITIES	Rs	Rs.	Rs.	Rs.
Textiles				
Ahm. Advances (100)	186 25	185.00	180.00	180.00
Bombay Dyeing (25)	76 00*	80.50	77.00	79 00
Central India (50)	53 00*	54 00	51.00	54.00
Century (100)	938 00	960 00	932.00	960.00
Dawn (50)	72.00	72.00	65.00	65.00
Elphinston (50)	50.00*	—	—	50.00*
Finlay (100)	100.00*	—	—	100.00*
Gokak (100)	202.00*	—	—	202.00*
Gwalior Rayon (10)	61.00	61.00	59.50	60.75
Khatau (100)	235 00	240.00	235.00	240.00
Kohinoor (100)	52.00	53.00	52.00	52 00
Morarjee (100)	230 00*	230.00	200.00	200.00
National Rayon (100)	345.00	342.50	335.00	342.50
New Great Eastern (100)	90.00*	—	—	90.00*
Phoenix (100)	42.00*	—	—	42.00*
Podar (10)	7.00*	—	—	7.00*
Shreeniwas (100)	85.00*	—	—	85.00*
Simplex (50)	63.00*	63.00	62.00	63 00
Standard (100)	377.00	377.00	356 00	370.00
Svadeshi (100)	170.00*	172 00	168.00	170 00
Swan (100)	212 50	237.50	225 00	236.25
Tata Mills (25)	31 50*	31 50	24.00	26.00
Electric				
Ahmedabad (100)	96.00	96.50	95 00	96 50
Andhra Valley (100)	103 00	103.00	101 50	103 00
B.Suburban (100)	126 25	127.50	125 00	126 25
Tata Hydro (100)	108.00*	110 00	109.00	110 00
Tata Power (100)	119.00	110 00	109 00	110.00
Steel				
Mukand (10)	35.00	38.00	35.75	37.00
Tata Steel (100)	346.00	358.00	336.00	358 00
Engineering				
Cooper (100)	—	—	—	—
Larsen & Toubro (10)	75.00*	85.00	78.00	85 00
Tata Eng. & Loco (100	670 00	729 00	670.00	729 00
S.L.M. Maneklal (100)	172 50	172 50	167.50	167.50
Voltas (100)	269 00*	302 50	289.00	289.00
Walchandnagar (10)	22.25*	23 50	21 25	23.50
Dyes & Chem				
Amar Dye-Chem (100)	150 00	150.00	142 50	142.50
Indian Dyestuff (100)	226.00*	232.00	222.00	223.00
Polychem (50)	56.00	60.00	56 00	58.00
Tata Chemical (10)	49 50	52 00	49 00	51.00
Shipping				
Great Eastern (10)	46.00	45 50	40.50	43 50
Scindia (20)	19.00*	19.50	16.57	19.25
Cement				
A.C.C. (100)	184.00	197 00	184.00	196.00
Shree Digvijay (100)	167.50	170.00	167.50	170.00
Sugar				
Maharashtra (50)	46.00	47.00	45 00	46.00
Phaltan (50)	29.75	—	—	29 75*
Miscellaneous				
Bombay Burmah (25)	43.75	44 25	43 50	44.25
Hindustan Motors (10)	29 25*	30.50	29 25	31.50
Premier Automobiles (100)	364.00	394 00	364.00	391.00
Pre. Construction (50)	144 00	137 00	125 00	125.00
Sirpur Paper (10)	25 00	26 00	24.00	25 50
Tata Oil (25)	69.00*	67 00	62.00	65 00
W. Coast Paper (100)	102 50xd	105.00	100.00	102.50
Wimco (10)	13.50*	13.60	13.25	13.60
NON-CLEARED SECURITIES				
Textiles				
Baroda Rayons (100)	420.00	436.00	420.00	426.00
Century Enka (100)	645.00	680.00	640 00	665 00
Garware Nylons (10)	41 50*	44 00	40.75	44.00
Gold Mohur (100	92.00*	—	—	92.00*
Indian Rayon (10)	92.00	96.00	91 00	95 00
J. K. Cotton (10)	14 25	14.75	14 25	14 75
J. K. Synthetics (10)	60.00	63 00	60.00	62.00
Lakshmi Vishnu (100)	61.00	—	—	61.00*
Mafatlal Fine (100)	222.50	222.50	220.00	222 50
Mafatlal Industries (125)	877.50	877.50	875 00	877.50
Modella Woollen (10)	9.50	9.00	9 00	9.00
Nirlon (10)	59 00	63 50	60.00	52.00

	Closing quotations 19-12-81	High	Low	Closing quotations 24-12-81
NON-CLEARED SECURITIES	Rs.	Rs.	Rs.	Rs.
Textiles				
Raghuvanshi (100)	130.00*	131.00	131.00	131 00
Raymond Woollen (10)	55 00*	—	—	55 00*
Reliance Textile (10)	102 00	118 00	105 00	118 50
S. I. Viscose (100)	235.00*	235.00	235.00	235.00*
Stretch Fibres (10)	11.00	11.00	10.00	10.50
Swadeshi Polytex (10)	17.00	17 50	16 50	17 25
Electric				
Amalgamated (10)	6 75*	—	—	6.75*
Surat (100)	100 00*	—	—	100.00*
Cement				
Mysore Cement (10)	29.00	29.00	29.00	29 00
Saurashtra Cement (100)	100.00	—	—	100.00*
Paper				
Andhra Paper (100)	201 00cd	202.50xd	180.00xd	180 00 xd
Bhadrachalam (10)	14 50*	15.00	14.50	15.00
Jayant Paper (100)	160 00*xd	—	—	160 00*
Rohit (100)	215.00*	—	—	215.00*
Steel, metals, alloys				
Ennore Foundries (10)	86 00	87.00	86.00	86 50
Ferro Alloys (100)	265.00	265.00	260 00	260 00
Hind Aluminium (10)	47 50*	50.50	47.50	50 00
Khandelwal Ferro (100)	127.50	135.50	125 00	135.00
Mahindra Ugine (10)	62.00	64.00	62.00	63.00
Tata Yodogawa (100)	122 50*	127.00	122.50	127.00
Engineering				
Associated Bearings (100)	396 25	400.00	392 50	397.50
Bimetal Bearings (10)	45.00*	—	—	45.00*
Blue Star (10)	36.00*	36.00	35.00	35.00
Elecon Engineering (10)	42.00*	43.00	39.00	43.00
Gujarat Steel Tube (100)	410.00	410.00	390.00	390 00
Hindustan Brown (100)	293.75*	—	—	293 75*
Ingersoll-Rand (10)	134.00	138 00	134 00	136.00
Jyoti (100)	215 00*	212.50	210 00	210 00
Kamani Eng. (10)	76.00	86.00	75.00	83 00
Kirloskar Cummins (100)	650.00	652.50	643.0	662 50
Kirloskar Oils (10)	24 00xd	25.00	23.00	23 50
Kirloskar Pneumatic (10)	46 25*	—	—	46 25*
Mahindra (10)	56 00	57.00	55.00	55.00
New Standard (100)	120.00	120.00	115.00	117.50
Sandvik Asia (100)	330 00*	360 00	350.00	350.00
Vulcan-Laval (10)	33 50	33 50	33 00	33 50
Zenith Steel (10)	45.00	48 00	46 00	47 25
Cables & Elec.				
Asian Cables (100)	210.00	210.00	210.00	210.00
Bajaj Electricals (100)	195.00*	195 00	175.00	180.00
Crompton Greaves (100)	351.25	353.75	345 00	350.00
Otis Elevator (10)	33.50	33.00	31.50	32 50
Siemens India (10)	69 00	68 00	63 00	64 50
Chemicals				
BASF (10)	58.00*	58.00	43 00	45.00
Bayer (India) (100)	216.00	215.00	205.00	210.00
Chem & Fibres (10)	21.50	22.50	21.50	22.00
Colour-Chem (100)	187 50	190.00	185.00	190 00
German Remedies (10)	26 50	27 00	26 00	26 50
Gujarat State Fert. (100)	446.00*	498 00	465 00	492.00
Hindustan Lever (10)	45.00	48 25	45 50	48 25
Indian Organic (100)	335 00	337 50	325 00	325 00
National Organic (100)	200 00*	205.00	199.00	200 00
Pfizer (10)	24 50	24 50	23.50	24.00
Polyolefins Ind. (100)	290.00	345 00	305.00	342 50
Sandoz (10)	26.00	28.00	25.75	28 00
Synthetics (100)	90.00	—	—	90.00*
Warner-Hindustan (10)	22 50	22.50	21.50	21.50
Zuari Agro (10)	26.50*	27.50	26.50	27.50*
Miscellaneous				
Bajaj Auto (100)	1530.00	1580.00	1525.00	1580.00
Bombay Oxygen (100)	117 50*	122.50	118.75	120.00
Cadbury (10)	24 50	26 50	24 50	25.00
Camphor & Allied (100)	195 00	227.50	200.00	227.50
Ceat Tyres (100)	210.00	220.00	210.00	217 50
Colgate-Palmolive (10)	160.00*	162.00	153 00	153.00
Empire Industries (15)	27.00*	27 00	27 00	27 00
Fibre glass (10)	18 00	18 75	17 75	18 25
Gammon India (10)	24 25	28 00	24 00	25 50
Hindustan Ferodo (10)	39.00*	39.50	39 00	39 00
Hoechst Dyes (10)	25 00	25.00	25 00	25.00
Indian Hotels (10)	91 00	96 00	92 00	95 00
Motor Industries (100)	480 00*	435 00	426 25	426 25
Tata-Finlay (10)	13 00	13 25	12 75	13 25

Notes : Figures within brackets indicate the paid-up value of shares. xd—Ex—dividend. cd—Cum-dividend. xr—Ex—right. cr—Cum—right.

(a) An asterisk mark after the quotation indicates the closing prices of the last official trading and not of the date indicated in the columns

(b) The dash (—) in the columns for 'High' and 'Low' means that no official trading in the share had taken place during the period under report

Market Gossip

More rice exports

INDIA is planning to export 600,000 tonnes of ordinary rice in addition to roughly 500,000 tonnes of *basmati* rice exported annually. The Parliament, which has just adjourned, was informed about this by the Minister of State for Agriculture. The decision has presumably been dictated by the need to earn foreign exchange at a time when the balance of trade gap is increasing. But nonetheless the decision has come as a shock in some quarters since it is known that foodgrain reserves are just around 10 million tonnes, a position which has forced the Government of India to import 1.5 million tonnes of wheat from the United States and plan imports of 75 lakh tonnes from Australia. The total cost of these imports is $325 million. Some American reports have suggested that India will buy much more wheat in the world markets, may be three to four million tonnes. It is hoped that the export of ordinary rice would not create any problems though rice crop has been good this year.

Cheap rubber imports

THE decision of the Government of India to import 15,000 tonnes of rubber to meet the needs of the rubber industry has come at the right time. In London, the prices have dropped substantially and on December 21, 1981, the RSS-1 spot was quoted at 49.50 pence a kilo, the lowest level since April 1978. There has been a continuous lack in demand for rubber and the declining trend in prices reflected those conditions. If India seizes this opportunity, it will be importing rubber at a cheap rate, in fact, much cheaper than the domestic price of Rs 1350 a tonne.

Meanwhile, small holders in Malaysia, the biggest exporter of natural rubber, have been disturbed by the falling trend in prices, and have even called on the government to set up a small-holders' ministry and a new statutory body to streamline the marketing and buying of rubber. This is possibly a reaction to the stand of the International Natural Rubber Organisation that if it bought substantial amount of RSS-1 rubber on the world market for the buffer stock, this could adversely affect the prices of lower quality rubber.

Government loans

AS anticipated, the two Government of India loans for Rs 400 crores floated on December 21 have been fully subscribed. Subscriptions to the 6.25 per cent 1987 (Second Issue) and 8 per cent 2011 (Fourth Issue) loans totalled Rs 440 crores of which conversions amounted to Rs 48.71 crores. The Reserve Bank has also given the loan-wise details (in crores) and they are: 6.25 per cent 1987 (Second Issue) Cash Rs 259.01 conversion Rs 48.70 total Rs 317.71; 8 per cent 2011 (Fourth Issue) Cash Rs 132.28 conversion Rs 0.01 total Rs 132.29.

The Government had earlier raised a net amount of Rs 2103 crores. Cash subscriptions to the December 21 loans have been of the order of Rs 391 crores and the net borrowings will thus be raised to Rs 2494 crores. The Government had planned total net borrowings for 1981-82 of Rs 2,800 crores, which means a balance of about Rs 306 crores remains to be raised before the end of the financial year.

US silver sales suspended

THE United States is suspending its sales of stockpiled silver till at least next July. This has been done on the initiative of the Congress which was considering the Defence Appropriations Bill. An amendment to halt the sales of silver was accepted by the Congress. In next July, the President will report to the Congress on the need for the sales and alternate methods for conducting them. Interestingly, the suspension of the sales comes immediately after the General Services Administration, which manages stockpiles, removed restrictions on the sale of stockpiled silver and tin limiting buyers to Americans.

Only three firms participated in the silver auction, on the subsequent day of the Congress accepting the amendment and which perhaps was the last auction till July. The Defence Appropriations Bill is still to be signed by President Reagan but it is considered a formality. At the latest auction, the three firms bid for 1.16 million ounces with the prices ranging from $8.352 to $8.576. But the New York spot price was $8.965 when the auction began and the GSA, which has refused to accept bids below the market price, found itself in a dilemma. The GSA had been authorised earlier by the Congress to sell 105 million ounces of silver by 1984.

Groundnut extractions: Fall in exports

EXPORTS of groundnut extractions, which are canalised through the State Trading Corporation, have been moving only slowly this year. According to market sources, shipments in the 11 m
since November last year amount
just 2.94 lakh tonnes and the to
1981 is not expected to cross the
of 3.5 lakh tonnes. This will brin
earnings of just Rs 54 crores as a
those of Rs 138 crores in 1976 fro
exports of 12.46 lakh tonnes. In
also, the performance was not h
with exports totalling 4.51 lakh t
worth Rs 60.86 crores.

Exports of groundnut extraction
lately were being looked after b
Groundnut Extractions Exports
lopment Association and the chang
the canalising agency does not see
have worked well. New Delhi had r
sed 6.18 lakh tonnes of quota for ex
from April '81 to March '82. But e
deals registered with the State Tra
Corporation till the first week of De
ber amounted to only 1.91 lakh to
and the actual shipments were not
than 1.46 lakh tonnes. The Govern
had also released a quota of 50,000
nes for merchant exporters but even t
sources have not been able to penet
the international market. It is said
the Indian groundnut meal is about
100 a tonne costlier than from o
sources, the world price being $ 20
tonne for December-January posit
There is an export duty of Rs 12
tonne levied on these extractions,
world price parity, it is pointed out,
be restored if this duty is removed.

How commodities moved

By Commerce Research Bureau

(Rs per quint

Commodity/Market		December 26, 1981	A
Groundnut	((Rajkot)	471	4
Rapeseed	(Kanpur)	493	4
Sesamum	(Delhi)	595	5
Castorseed	(Kanpur)	304	
Linseed	Kanpur)	545	5
Sugar	(Bombay)(a)	572	5
Cotton	(Bombay) (b)	4,350	4,1
Jute	(Calcutta) (c)	240	2
Aluminium	(Bombay) (d)	1,500	1,5
Copper	(Bombay) (e)	3,310	3,3
Lead	(Calcutta) (f)	1,230	1,2
Zinc	(Calcutta) (g)	1,720	1,7
Gold	(Bombay) (b)	1,725	1,7
Silver	(Bombay) (i)	2,560	2,6
Caustic soda	(Bombay) (j)	584	5
Soda ash	(Bombay (k)	234	2

* In terms of 10 gm for gold, kg. for silver a
candy for cotton

(a) C-30, (b) CJ-73, (c) W-5, (d) Scra
(e) Wire bar, (f) Scrap, (g) Hard spelt
(h) Standard, (i) .996, (j) Flakes and (k) T

COMMODITIES

bdued trading in cotton

Bombay, December 28

Subdued trading conditions evailed in the spot cotton arket during the last week, ith finer cottons losing fur- er ground for want of any pport. The plight of the cot- n mill industry was the main pic of discussion following he representation submitted y the Indian Cotton Mills' ederation to the Union inance and Commerce minis- ers, seeking immediate relief n one form or the other.

A high-level delegation of the ndustry led by Mr Arvind Narottam Lalbhai, deputy hairman, ICMF, met the Ministers and underscored the need for a rescue-act by the Government if the closure threat confronted by the marginal mills had to be averted. The ICMF highlighted in particular the need for relaxation of credit facilities as many mills had been starved of working capital requirements and were suffering heavy cash losses. The accumulation of stocks and the stiff consumer resistance in the textile market were other areas which called for immediate corrective measures.

In a press release issued by the ICMF, after the meeting with the concerned ministers, the ICMF pointed out that the Union Finance and Commerce Ministers and the Ministers of State for Finance, Mr Maganlal Barot, gave sympathetic hearing to the plea of the industry and assured that the matter would be looked into.

The ICMF submitted that the heavy losses that the mills were incurring for some time now could be arrested and the position reversed only if commercial banks made a positive and pragmatic appraisal of the urgent credit needs of the mills and rendered immediate financial assistance.

The members of the ICMF delegation included Mr Ajay Chimanbhai, president, Ahmedabad Textile Mills Association, Mr Hareshchandra Maganlal, chairman, Bombay Millowners' Association, Mr S. K. Modi, president, Northern India Cotton Mills Association, Mr H. C. Kothari, vice-chairman, Southern India Mills Association, Mr Prafull Anubhai, former president of ATMA, besides Mr C. V. Radhakrishnan, secretary-general, ICMF and Mr R. L. N. Vijayanagar, secretary-general MOA, Bombay.

A sort of a rift in the lute was provided by the statement issued to the press from Ahmedabad by ATMA president denying any "assurance" by the Ministers.

The following are the prices of some of the leading varieties of cotton :

(Rs per candy)

	December 25	December 18
Kalyan	3,825-3,850	3,775-3,800
Saurashtra CO2	4,150-4,200	4,250
Sankar 4	5,200-5,300	6,250-5,350
MP Y1	4,600-4,700	4,600-4,700
MP Varalaxmi	5,000-5,300	5,300-5,500
MCU 5 Guntur	5,150-5,250	5,150-5,250
H4	5,400-5,500	5,300-5,450

Edible oils in better form

Bombay, December 28

As a result of informal embargo on oil movement outside Gujarat, groundnut oil hardened further by Rs 2.70 to Rs 136.60 per 10 kg in the oilseeds market. Groundnut also looked up, with Karad bold, Saurashtra bold and Saurashtra quality registering gain of Rs 3 each at Rs 583. Rs 588 and Rs 588 per 100 kg.

PEICO ELECTRONICS & ELECTRICALS LTD.

NOTICE

It is hereby notified for the information of the public that Peico Electronics & Electricals Limited, having its registered Office at 7, Justice Chandra Madhab Road, Calcutta-700 020, proposes to give to the Central Government in the Department of Company Affairs, New Delhi, a notice under sub-section (1) of Section 21 of the Monopolies and Restrictive Trade Practices Act, 1969, for substantial expansion of its activities. Brief particulars of the proposal are as under:—

(i) Name of the body corporate owning the undertaking. : Peico Electronics & Electricals Ltd.

(ii) Capital structure of the applicant undertaking : Authorised 20,000,000 equity shares of Rs. 10/- each—Rs. 200,000,000.

Issued and subscribed 18,000,000 equity shares of Rs. 10/- each, fully paid up —Rs. 180,000,000.

(iii) Details of the proposed substantial expansion :

Names of new goods to be produced, supplied, controlled or distributed or of new services to be rendered. (1) D. C. Micromotors

(2) Magnetic Heads

(to be manufactured in our existing factory at Calcutta, West Bengal).

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this notice, intimating his views on the proposal and indicating the nature of his interest therein.

R. K. Arora
Secretary

Registered Office:
7, Justice Chandra Madhab Road,
Calcutta-700 020.

Date : 1981-12-16.

NOTICE

It is hereby notified for the information of the public that CIBA-GEIGY of India Limited, 14, J. Tata Road, Bombay - 400 020 proposes to give to the Central Government in the Department of Company Affairs, New Delhi, a notice under Sub-section (1) of Section 21 of the Monopolies and Restrictive Trade Practices Act, 1969 for substantial expansion of its activities. Brief particulars of the proposal are as under :

(i) **Name(s) of person(s)/body corporate owning the undertaking:**
CIBA-GEIGY of India Limited.
(ii) **Capital structure of the applicant undertaking:**
The authorised and paid-up capital of the Company as on 31-12-1980 is Rs. 138,937,500 divided into 1,389,375 equity shares of Rs. 100/- each.
(iii) **Details of the proposed substantial expansion:**
(a) **Names of new goods to be produced, supplied, controlled or distributed or of new services to be rendered:**
Manufacture of Dehydroisoandrosterone acetate for captive consumption.
(b) **In the case of substantial expansion of existing activities:**
(i) **Name of goods:**
The Company is currently manufacturing pesticides at its Goa plant where it is now proposed to undertake the manufacture of Dehydroisoandrosterone acetate for captive consumption.
(ii) **Capacity before expansion :**
Nil
(iii) **Expansion proposed:**
Dehydroisoandrosterone acetate : 2.6 tonnes per annum.
(iv) **Location of the project for substantial expansion:**
At the Company's existing plant site at Santa Monica, Corlim, Ilhas, Goa.
(v) **Brief outline of the cost of the project, the scheme and sources of finance:**
The estimated capital investment of Rs. 19.7 mio. will be financed from the retained earnings of the Company.

2. Any person interested in the matter, may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

Sd/-
M. R. LAL
Secretary

Bombay
23.12.1981.

CIBA-GEIGY OF INDIA LIMITED

SIEMENS INDIA LIMITED

NOTICE

It is hereby notified for the information of the public that **SIEMENS INDIA LTD.** proposes to give to the Central Government in the Department of Company Affairs, New Delhi, a notice under sub-section (1) of section 21 of the Monopolies and Restrictive Trade Practices Act, 1969, for substantial expansion of its activities. Brief particulars of the proposal are as under :—

(i) Name(s) of person(s)/body corporate owning the undertaking	: Siemens India Ltd.
(ii) Capital structure of the applicant undertaking	: Authorised, issued and paid up-Rs. 7,20,00,000 divided into 72,00,000 shares of Rs. 10/- each.
(iii) Details of the proposed substantial expansion—	
(a) Names of new goods to be produced, supplied, controlled or distributed or of new services to be rendered.	: 1. Indicators, Integrators & Recorders—1500 Nos. per annum. 2. Electro-pneumatic converters, Positioners and Accessories thereof — 500 Nos. per annum.
(b) In the case of substantial expansion of existing activities—	
(i) Names of goods	: 1. Process Controllers with Accessories. 2. Electrical Valves and Dampers. 3. Electronic Measurand Convertors.
(ii) Capacity before expansion	: 1. 400 Nos. per annum 2. 600 Nos. ,, ,, 3. 300 Nos. ,, ,,
(iii) Expansion proposed	: 1. 1600 Nos. per annum 2. 1900 Nos. ,, ,, 3. 700 Nos. ,, ,,
(iv) Location of the project for substantial expansion	: MIDC Industrial Area, Ambad (Nasik) Maharashtra
(v) Brief outline of the cost of the project the scheme and sources of finance	: Proposed addition to Fixed Assets: 1. Land Nil 2. Building Rs 2 Million 3. Machinery Rs. 12.5 Million The required investment will be met from the internal resources of the Company.

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

Registered Office:
134 A, Dr. Annie Besant Road
Worli, Bombay : 400 018

U. N. MOTWANI
Secretary

Dated this 24th day of December 1981.

BAJAJ TEMPO LIMITED

Bombay-Poona Road, Akurdi, Pune-411 035

NOTICE

It is hereby notified for the information of the Public that Bajaj Tempo Limited, Bombay-Poona Road, Akurdi, Poona-411 035 proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi under sub-section(2) of section 22 of the Monopolies & Restrictive Trade Practices Act, 1969 for approval for the establishment of a new undertaking for the production, supply distribution, or control of 20,000 Light Commercial vehicles per annum. Other particulars of the proposed new undertaking are as under:

(i) Name of the proposed undertaking	M/s. Bajaj Tempo Limited (Division of Bajaj Tempo Ltd.)
(ii) Name(s) of person(s) or authority/authorities proposing to establish the new undertaking.	M/s. Bajaj Tempo Limited
Where it is a body corporate, furnish details of its management structure together with those of the proposed undertaking.	The Company M/s. Bajaj Tempo Limited is managed by the Managing Director subject to the superintendence, control and direction of the Board of Directors is as under : (1) Mr. H. K. Firodia, Chairman & Managing Director (2) Dr. R. J. Rathi, (3) Mr. A. N. Firodia (4) Mr. D. M. Bhave (Executive Director) (5) Mr. M. G. Chopda (Executive Director) (6) Mr. A. N. Munot (Executive Director) (7) Mr. Pratapsinh Navlakha (8) Maj. Gen. H. M. Mohite(Retd.) (9) Mr. Michael N. Bassermann (10) Mr. Rolf Knoll (11) Dr. Gerhard Liener (12) Mr. Josef Gorgels, Alternate to Mr. Bassermann (13) Dr. Karl Heinz Bendak, Alternate to Mr. Rolf Knoll (14) Dr. H. Westphal, Alternate to Dr. G. Liener The new proposed undertaking will be managed by the Managing Director, subject to the superintendence, control and direction of the Board of Directors of Bajaj Tempo Limited.
(iii) Capital structure of the applicant person or authority and of the proposed undertaking	Capital structure of M/s. Bajaj Tempo Ltd. Akurdi, Poona-35. Rs. Authorised Capital 3,60,00,000 Issued Capital 3,20,16,080 Subscribed & paid-up capital 3,18,55,858 The capital structure of the new proposed undertaking will be the same as above, as it would be a Division of the present undertaking of M/s. Bajaj Tempo Limited.
(iv) Proposed location of the new undertaking	Village: Hingani, Taluka: Shrigonda, Dist: Ahmednagar, State: Maharashtra.
(v) Brief outline of the cost of project, the scheme and source of finance	Estimate cost of project is Rs. 15.03 crores and will be financed primarily from internal accruals, Fixed Deposits, Issue of Debentures and Loans from SICOM and Financial Institutions.

Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhawan, New Delhi, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

For BAJAJ TEMPO LIMITED
H. K. FIRODIA
Managing Director.

Dated this 23rd day of December, 1981.

Speculators tightened their ip amidst reports that the nion Government would nounce its oil policy by the onth-end. Imported oils were so better in sympathy with roundnut oil. Palmoleine rose Rs 2.90 to Rs 136.80, soya- ean by Rs 1.56 to Rs 127.40 d RBD by 74 paise to Rs 13.06 per 10 kg.

In view of the general im- rovement in the market, astorseed and its oil also edg- d up. Madras small and Kan- ur bold moved up by Rs 3 each Rs 313 and Rs 303 per 100 g. Castor commercial oil was p by 75 paise to Rs 69.75 and astor oil BSS by Rs 1.50 to Rs 5.50 per 10 kg.

Linseed bold ruled steady at s 475 per 100 kg in the ab- ence of offerings. Its oil ad- anced by 52 paise to Rs 127.92 er 10 kg on account of gene- al rise in the market.

Comparative prices in rupees er quintal of seeds and per 0 kg of oils were as follows :

	27.12.81	19.12.81
. nut Karad bold	583.00	580.00
. nut oil	136.60	133.90
ast. Md. Sm.	313.00	311.00
ast. oil com.	69.75	69.00
ast. oil BSS	75.50	74.00
inseed bold	475.00	475.00
inseed oil	127.92	127.40

rains divergent

Bombay, December 28

A divergent tendency featur- d trading in grains in the cal market. In cereals wheat pissi) hardened by Rs 5 at Rs 60-350 per quintal. Arrivals ere sluggish. The Sonakalyan ariety declined by Rs 11 to Rs 05-213 per quintal.

Steady conditions prevailed rice. The Basmati variety as quoted at Rs 600-750 per uintal and the Luchai variety t Rs 290-315 per quintal| Arri- als from Punjab and Andhra radesh were nominal.

Barring jowar a steady trend as evident in other coarse rains. Jowar firmed up Rs 25 Rs 150-250 per quintal. ajra ruled unchanged at last eek's level of Rs 180-350 per uintal. Maize at Rs 185-190 er quintal and barley at Rs 38-140 per quintal.

ugar buoyant

Bombay, December 28

Sugar prices displayed uoyancy during the past week. he C-30 grade sugar was tra- ed Rs 8 higher at Rs 569-575 er quintal. The local whole- le market reported a sharp ll in arrivals of sugar. The gar stocks were lower at 680 bags as compared to 563 bags in the previous eek. Traders were cautious in inging the stocks to the city arket in view of uncertainty out release of sugar for domestic consumption in January 1982.

The arrivals of khandsari at 2,336 bags showed marked improvement. Khandsari was traded in the range of Rs 520-540 per quintal.

Gold, silver down

Bombay, December 28

The price of gold and silver in the Bombay bullion market declined during the week under review. The price of standard mint gold which opened at Rs 1,730 per 10 gms dropped to close at Rs 1,725 per 10 gms. Silver (.999 fineness) opened at Rs 2,620 per kg and closed lower at Rs 2,560 per kg.

Money stringent

Bombay, December 28

Conditions in the Bombay short-term money market continued to be stringent during the week. In the inter-bank call money section both notified and commercial funds were renewed at ten per cent. Fresh money was transacted at ten per cent. The market closed at ten per cent.

Bank credit expands

Bombay, December 28

Bank credit of all scheduled commercial banks for the week ended December 18, 1981, expanded by Rs 223.03 crores to Rs 28,633.60 crores. Aggregate deposits increased by Rs 75.70 crores to Rs 42,527.81 crores. The borrowings of banks from the Reserve Bank of India (RBI) decreased by Rs 43.71 crores to Rs 627.91 crores and their balances with the RBI declined by Rs 119.93 crores to Rs 4,679.02 crores.

NEW ARRIVALS September 1981

सत्यमेव जयते

GOVERNMENT OF INDIA PUBLICATIONS

S. No.	Title	Price
1.	Annual Survey of Industries 1973-74 (Census Sector) (in 10 volumes). Vol. VI. (Print 1981). PDIS.75.73. 74.VI.	Rs. 124.50
2.	Statistical Pocket Book India 1979. (Print 1980). PCSO.5.79	Rs. 30.00
3.(*)	Trade Marks. Twenty-Second Annual Report for the Controller General of Patents, Designs and Trade Marks under Section 126 of the Trade and Merchandise Marks Act, 1958 (43 of 1958) for the year 1980-81. (Print 1981) PP&D. 7.80-81 (Eng.).	Rs. 3.88
4.	Customs Tariff Working Schedule as on 15th May, 1981. (Print 1981). PDSI.2.81	Rs. 47.00
5.	Civil List of the Indian Administrative Service as on the Ist January 1981 . (Print 1981) PDP.5.81	Rs. 84.00
6.	Handbook of Indigenous Manufacturers (Chem. and Misc. Stores). (Print 1981). PEDC.2.XIII.	Rs. 17.50
7.	Report on the General Elections to the House of the People and Legislative Assemblies 1979-80 and Vice Presidential Elections 1979. Vol. I. (Narrative). (Print 1980). PECI. 74.	Rs. 10.00
8.	Report on the Seventh General Elections to the House of the People in India 1980. Vol. II. (Statistical). (Print 1981). PECI.75.	Rs. 21.00
9.	Proceedings of Workshop on Geological Aspects and Mineral Potential of Himachal Pradesh Held on December 24-25, 1976 at Nahan, H.P. (Print 1981). PGSI.121.	Rs. 11.00
10	Notes on Office Procedure. Aids to Office Management. (Print 1981). PSTS 31 (Diglot),	Rs. 19.05
11.	Rural Labour Enquiry 1974-75. Final Report on Employment and Un-employment of Rural Labour Household (Part I). (Print 1981). PDLB.203.III	Rs. 64.00
12.	Examination of Biological Stains. (Print 1980).PHD. 333	Rs. 21.00
13.	Identification of Firearms, Ammunition and Firearms. (Print 1981). PHD. 335	Rs. 26.00
14.	Index to Indian Medicals Periodicals July-September 1977. (Print 1981) PDGHS. 58.VII.7.9.77	Rs. 123.00
15.	Census of India 1971. Series 2. Andhra Pradesh. Pt. IX. Census Atlas. (Print 1981). PRG.16.71 (Andhra) (N).	Rs. 30.00
16.	Census of India 1971. Series 21. Pt. IX. Census Atlas of Uttar Pradesh. (Print 1979). PRG.20.71 (UP)(N)	Rs. 223.00
17.	List of Members of Rajya Sabha showing Permanent and Delhi Addresses and Telephone Numbers. 14th August 1981 (Print 1981). PRS.52.	Rs. 2.00

For all your requirements of Government Publications released by various Ministries/ Departments of the Government of India, the Periodicals and Gazette of India (all parts), please contact any of our Sales Depot/ Counters or book your orders and address enquiries to the undersigned.

	Address	Tel. No.
i)	Kitab Mahal, Baba Kharak Singh Marg, State Emporia Unit No. 21, New Delhi.	343706
ii)	Book Depot, 8 K.S. Roy Road, Calcutta.	233813
iii)	Sale Counter Udyog Bhavan, Gate No. 13, New Delhi.	372082
iv)	Sale Counter, U.P.S.C. Dholpur House, New Delhi.	383991
v)	Sale Counter Headquarters, Civil Lines, Delhi-110054.	227821-25 227800

These publications can also be had from our authorised agents and Sale and Return Agents (including State Governments) all over the country and abroad.

Address your enquires to :

MANOHAR SINGH
ASSTT. CONTROLLER
(SUPPLY)

AMRIK SINGH
CONTROLLER OF
PUBLICATIONS

(*) These publications are not yet released for sale for want of instructions from the Sponsoring Departments.

davp 81/189

Beyond-headlines

Mass media and folklore

By SANKAR SEN GUPTA

ACCORDING to the Annual Report (1978-79) of the Ministry of Information and Broadcasting, there are 11,631 newspapers and periodicals on record. There are 84 broadcasting centres and 14 transmitters with 12 telecast centres. There are 9,000 cinema houses, of which two-thirds are situated in the four southern states and Maharashtra. The urban people benefit specially from these services. Because of the concentration of literacy and purchasing power, the daily newspaper circulation of about 10 million is overwhelmingly urban. For radio, only 20 per cent of the 20 million radio licences are in villages. The 9,000 cinema houses, which are visited daily by about 10 million viewers, are mostly located in cities and towns. This factor assumes importance in a country, with an illiteracy rate of 73 per cent and a rural population of 80 per cent. Thus, it is recognised that folk forms and other traditional media of communication can play a vital role in communicating to and with the people.

Time and again, experts have made the point that each nation should make an effort to maintain continuity with its past, its culture. But when it comes to the planning of cultural survival, we see that accepted norms do not respond to the vast cultural diversity in our country. Though the Government has tried to divert more resources over the years to cultural activities, the allocations have generally been confined to a section of the people, who are a privileged class. That is to say planning so far has been for urbanites, educators, wielders of power and the few whose opinion matters. For those who have least regard for traditional culture, but who decide things. Very few of them know the past and traditional cultures of the country.

H. K. Ranganatha said, that "Alha, the popular ballad of Uttar Pradesh and its counterparts like Laavani of Maharashtra, Gee-Gee of Karnataka, Villupaattu of Tamil Nadu, Kerala, and Kabigaan of Bengal have survived the ages, altering their content material to suit contemporary needs. But, the same arts became counter-productive in the hands of the British agents. ....These native media of 'sung communication' and 'enacted information' proved more than a match for the government-controlled mass media during many political and social campaigns launched by Gandhiji."

In the '40s IPTA handled some popular regional theatre and folk tunes. It inspired peoples' participation in the affairs of the country. In a way, the revival of folk art in the forties had its roots in left wing politics, in the fight to build unions and peasant organisations. But as an anti-communist obsession gripped the people, the unions rejected both the songs and the singers. The revival lost direction. And when folk art was revived, it found its audience not among the workers or peasants' organisations but on the college campuses.

Folk songs were songs of the people—the people being the class that had been and was being robbed of the material and cultural wealth that it produced. The point of the revival was to restore the songs of the people, to the people, to give a voice to those who had no voice, to implant a consciousness of their own creative powers in those who had been made to feel inadequate by the 'superiority' of urban culture. The making of new songs in the traditional idiom provided inspiration for the revival of song writing in left wing singers. The revival lost its impetus in commercialisation. The fragmentation of the left and the disillusion with politics has generally led to the decline of folk music as a form of political expression. There is now a repertoire of folk songs and folk singers gratify the cultural elite.

The social conditions that created folk songs are on the wane; where folk songs were once a natural accompaniment to work, to play, to the every day activities of life, and religious compulsions, they have now become an artificial, entertainment, a night a week. Songs shou be relevant, they should be given content which has a contempora meaning. Overt political songs a a comparatively small part of trac tion. In the traditional folk song t longing for a better life, a dissonan between life as it is and life as might be—underlies the best fo songs, as it lies at the root of good art.

But the folk revival now is stil ed in style, cool in content. Onc we see folklore as a useful to which can shape, change and e press our perceptions of society, w can plan for the development of fol traditional media. In a country lik India it is increasingly realised th the traditional art forms should used for communication becau they are close to the hearts of th people. "The real question is: whom does the meaning of the a of the past properly belong? T those who can apply it to their ow lives or to a cultural hierarchy o relic specialists?" wrote John Berge The answer to these questions ma guide our cultural planners to se things in the right perspective.

Mr Sen Gupta is a well-known author of folklore and edits a periodical on folklore.

READ

COMMERCE PAMPHLETS

Pamphlet No. 164

Planning for Small Towns for Balanced Regional Development

By U. C. Mallick

Pamphlet No. 165

India's Balance of Payments in the Eighties

By V. G. Pendharkar

Pamphlet No. 166

Bio-gas Technology—Alternative Source of Energy for Rural Areas

By A. R. Patel

Annual subscription Rs 50

COMMERCE PUBLICATIONS LIMITED

Manek Mahal, 6th floor,
90, Veer Nariman Road,
Bombay-400 020.

COMMERCE

ol. 144 JANUARY 9, 1982 No. 3683

EDITOR: VADILAL DAGLI
ASSOCIATE EDITORS: D. B. MAHATME
SUBHASH CHANDRA SARKER

CONTENTS

COMMENTS

Editorial
Government creates sugar scarcity again ! 55

COLUMNS

Editor's notebook (Vadilal Dagli) 59
As I see it: Why good Darjeeling tea must become scarce (Subhash Chandra Sarker) 61
Beyond headlines: Controls and the consumer (M.R. Pai) 84

SPECIAL REPORTS

Clausen's visit: Murky aid outlook; Political parties and fake trusts; New Kerala CM, an easily accessible person; R.C. Shah, EXIM bank chief 60

FEATURES

People; The week 54
Letter from Brussels: Stability in textiles trade? (Malcolm Subhan) 58
Books & ideas: Small Farmers Development Programme (T V. Jayaraman); A Guide to Industrial Licensing in India; Third World loss of medical skills 66

COMPANIES, STOCKS & COMMODITIES

Chairmen's speeches: Kirloskar Electric Company (p. 68); Dempo Steamships (p. 70)
Corporate sector 72
In the market: Arihant Steel & Alloys; Shreyans Paper 72
Forthcoming company meetings 72
Financial analysis of operations of non-financial companies 74
Market gossip: Tinkering with stock exchange rules; Attractive special bearer bonds; Harsh bank ratios? 75
Commodities 77

STATISTICS

Indian economy: Basic indicators (Commerce Research Bureau) 64

Commerce Publications Ltd, Manek Mahal, 90 Veer Nariman Road, Bombay 400 020. Telephone: 253505, 253562, 253392.

Subscription rates: Inland—Yearly Rs 200 (Students and teachers Rs 115), Half-yearly Rs 115.

Foreign Airmail—Asia and Africa (including South-East Asian and West Asian countries) £ 37, Japan Yen 21,418, UK and Europe £ 46, USSR Rouble 71, United States US $ 117.

New subscription rates for

Commerce

In view of the steep rise in the costs of paper and production the management of Commerce has been forced to revise the subscription rates effective from 1st January 1982. The new rates are :

Annual subscription : Rs 200 instead of Rs 175

Half yearly : Rs 115 instead of Rs 100

Concessional subscription for students and teachers : Rs 115 instead of Rs 100

Single copy will now cost Rs 4 instead of Rs 3.50

Foreign air mail subscriptions have accordingly been revised as follows :

Asia and Africa (including South-East Asian and West Asian countries) : £ 37 instead of £ 35

UK and Europe : £ 46 instead of £ 44

United States : $ 117 instead of $ 113

Japan : Yen 21,418 instead of Yen 20,578

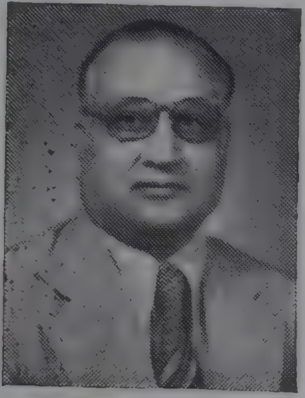
USSR Roubles 71 instead of Roubles 68

PEOPLE

Mr Nirmal B. Thakkar has been elected president of the All India Plastics Manufacturers Association.

Mr Manthana Bangar Raju, managing director of Deccan Cements Ltd, graduated with honours in mechanical engineering from Andhra University in 1963. Soon after he joined ACC Ltd as a junior engineer and rose to become chief engineer before he left the company to join Deccan Cements as its development manager.

Raju



Shah

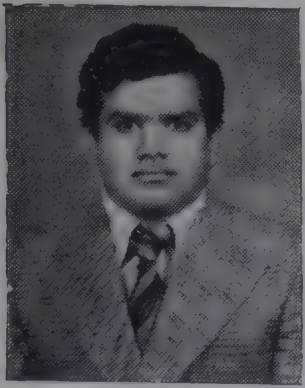
Mr S. Shah has been elected president of the Silk Association of India, Calcutta, for 1982. Mr S. Banerjee and Mr D. Himatsingka were elected, respectively, senior vice-president and vice-president. Mr B. R. Loyalka is the new treasurer.

Mr P. T. Shah has been re-elected president of the Iron, Steel and Hardware Merchants and Manufacturers' Chamber of India for the ensuing year.

Mr M. B. Patil has been re-elected chairman of Janlaxmi Cooperative Bank Ltd for the period 1981-82 to 1983-84.

Mr R. K. Jain has been elected chairman of Chemicals and Allied Products Export Promotion Council, Calcutta, for the year 1981-82. Mr Jain, who is the joint director of Enkay (India) Rubber Co Private Ltd, Delhi, was previously vice-chairman of the council.

Jain



Reddi

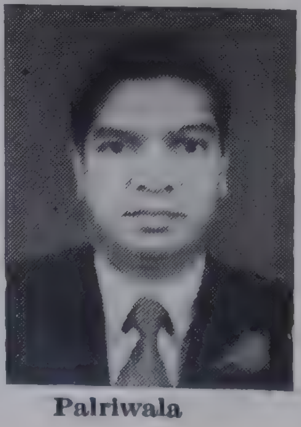
Mr A. Anand Rao has taken over as managing director of Nagarjuna Coated Tubes Ltd.

Mr Vikram Mehta has been elected vice-chairman of the Bombay branch of the Indian Association of Materials Management for the year 1982-83.

Mr K. Janardhan Reddi has been appointed executive director of Jai Organics Ltd, Hyderabad, a basic drug manufacturing unit under implementation.

Mr S. K. Ghosal has taken over as chairman and managing director of the Central Inland Water Transport Corporation Ltd.

Mr G. N. Palriwala has been elected vice-president of the Northern India Cotton Textile Mills' Association for the year 1981-82. Mr Palriwala is the managing director of Madan Industries Ltd and a member of the managing committee of PHD Chamber of Commerce and Industry.



Palriwala

THE WEEK

The Union Budget for 1982-83 is likely to be presented to Parliament on February 26 or 27.

★

The Gujarat Electricity Board has secured a large loan of Rs 12.52 crores from the Life Insurance Corporation for financing the Board's projects for expanding power generation.

★

The Government has constituted a biotechnology board to coordinate research in genetic engineering and make agriculture less dependent on fertilisers pesticides and other fuel based materials.

★

Tata Iron and Steel Co Ltd has been assured by the Government that funds will be made available to the company out of the Steel Development Fund for financing the second phase of its modernisation programme, involving an outlay of over Rs 400 crores.

★

Mills under the National Textile Corporation suffered a heavy loss of Rs 27 crores in the first six months (April-September) of the current financial year.

The combined total overdrafts of the states increased from Rs 277.7 crores as on March 31, 1981 to Rs 640.8 crores on June 26, last year, according to information with the RBI.

★

All telephone exchanges in the country, at least those in the state capitals and district headquarters, will be automatised within the next plan period, according to the Secretary, Union Ministry of Communications, Mr S. K. Ghose.

★

The Ravi-Beas waters dispute has been finally resolved. An agreement was signed on New Year's eve by the chief ministers of Punjab, Haryana and Rajasthan.

Currencies devalued

On January 2, 1982, Poland devalued its currency the Zloty against the dollar by 56.8 per cent and against the pound by 57.2 per cent. The new rates are: 1 US $ = 80 Zlotys instead of the former rate of 34.5 Zlotys and 1 £=153.49 Zlotys instead of the former rate of 65.62 Zlotys.

On December 30, 1981 Bangladesh devalued its currency the Taka against the pound by 2.4 per cent. The new rate was 1 £=38.0568 Taka as against the previous rate of 37.1545 Taka. With this the Taka has been devalued by nearly 19 per cent since February.

Wholesale price index

At 277.5, the latest available wholesale price index for the week ended December 19, 1981 showed a rise of 0.2 per cent over the preceding week and 8.4 per cent over the year.

Money tight

Conditions in the Bombay short-term money market was tight as of Monday (January 4, 1982). In the inter-bank call money section both notified and commercial funds were renewed at ten per cent. Fresh money was transacted at ten per cent. The market closed at ten per cent.

COMMERCE

Government creates sugar scarcity again!

THE incredible nay, the unthinkable has happened. Who could have believed or thought it possible a fortnight ago hat, in the midst of a record-level of sugar production in the ountry, sugar prices would soar and, indeed, sugar would isappear altogether from the market in some places for a ouple of days. Yet that is exactly what has happened. The redit for this "achievement" goes to the Government. For ome unaccountable reason the Government of India reduced he quota of free sale sugar for December 1981 to 1.70 lakh tonnes from two lakh tonnes in November although the quota of levy sugar remained unchanged at 2.71 lakh tonnes. The January 1982 quota was reduced further to just 1.40 lakh tonnes of free sale sugar. Compared with the release of 3.71 lakh tonnes for January 1981 the release of 4.11 lakh tonnes for January 1982 is not particularly disappointing by itself. Nevertheless while in January 1981 the atmosphere was surcharged with the backlash of the high prices of the preceding months, the perspective in January 1982 is quite different in the context of the most remarkable buoyancy in sugar production during the first two months of the current sugar season (October 1981 to September 1982). Therefore the decision to reduce the released quantity of sugar for January 1982 called for a very cogent explanation—which, as usual, the bureaucracy-dominated administration in the country never bothers to provide and has not provided on this occasion as well.

The unholy alliance between the bureaucracy-politician complex and the unscrupulous but very influential section of the industry has done the mischief and sugar prices registered a sharp rise in the Bombay market. After the announcement on December 28 of a lower free sale sugar release for January 1982, sugar prices recorded a sharp rise of more than Rs 75 per quintal in three days. Compared with the year ago price of Rs 695 per quintal of sugar in the Bombay market, the price of Rs 676 per quintal of sugar in the Bombay market at the end of December 1981, when the sugar production had undergone a considerable improvement over that a year ago, must be considered to be impermissively high. Like the bureaucracy the leaders of the industry and trade also did not see any need to offer an explanation for the acute scarcity of sugar and its escalating prices in the open market. This utter indifference of the trade and industry to the suffering of the people is what has sustained the psychology of all types of controls, when these bring no relief to the common man or to the genuine industrialist.

Apparently some premeditation has gone into this business of creating artificial shortage of sugar. First came the announcement regarding the Government's decision to resume sugar exports. As if to provide a boost to the psychology of shortage as well as to the upswing in sugar prices, the announcement regarding the lifting of the ban on the export of gur (jaggery), which is consumed as a substitute for sugar by a sizable vulnerable section of the population, was also made along with the reduction in the release of free sale sugar so that speculators got some additional sustenance for their operations againt the society.

The way the sugar crisis has been allowed to develop, when there is no proper reason for the emergence of such a crisis, strongly suggests the operation of a conspiracy against the society to generate some new black money which could go into the purchase of special bearer bonds, whose sale has been extended, against all previous Government announcements, by nine days till January 9, 1982 on the specious reasoning that there were too many holidays in December 1981, as if those holidays had not been known in advance or that some unscheduled holidays in a large number had to be observed by the banks. But that was not a fact. The *Economic Times* reported that the syndicate of sugar traders had disposed of nearly 10,000 bags of sugar meant for Bombay elsewhere, when the stocks in the Bombay city market had depleted to a minimum of 2,700 bags. The arrivals to the city fell from 24,000 bags per week to about 16,000 bags in the last week of December 1981.

The index number of wholesale price of sugar has risen more or less in keeping with the rise in the general index of wholesale prices over the period of the last three decades. The compound annual rate of growth in the index of wholesale sugar price between 1950-51 and 1980-81 was 5.5 per cent, while that for the all-commodities index was 5.8 per cent. When it is considered that the rise in the all-commodities index was considerably pushed by such an external factor as the rise in the cost of imported crude and petroleum products, the rise in the index of wholesale sugar prices must be considered quite significant. But this formal figure does not represent the actual prices charged by the trade from the consumers. Only a couple of years ago sugar was selling at Rs 13 to Rs 14 per kg in the Bombay market compared with about half that price prevalent now.

The sugar industry seems to have been the beneficiary of controls for many years. The Dagli Committee on Controls and Subsidies noted the startling fact that after every period of decontrol there was a decline in the area under sugarcane and a much steeper decline in the production of sugar. The dual price policy—in vogue since November 1967 except for a brief spell of total decontrol from August 1978 to December 1979—has benefited the industry and the cane growers, although the consumers in rural areas were largely deprived of the benefit of a limited supply of sugar at controlled prices that the urban consumers enjoyed. What the committee did not notice was the timing of changes in sugar policy which generally seems to run close to the election time and thus allow certain category of people to make a lot of unaccounted money as they seem to be doing now cashing in upon the unrestricted opportunity to manipulate supplies. The question naturally arises, does the present bungling on the sugar front have got something to do with the impending elections to some state assemblies?

The need for increasing further the production of sugar is obvious. The production at times falls below the requirement of even an artificially limited market. The Sixth Five Year Plan (1980-85) has fixed a capacity target of 80 lakh tonnes for sugar to be achieved by 1984-85 as against the existing capacity of somewhat more than 60 lakh tonnes. The growth in the installed capacity has been rather slow in recent years. The installed capacity of sugar industry rose from 56.26 lakh tonnes in 1977-78 to 59.91 lakh tonnes in 1979-80. Under the scheme of incentives approved by the Government of India in October 1980, a higher percentage of free sale quota and remission in excise duty were granted from the 1980-81 (October 1980—September 1981) sugar season to facilitate the setting up of new sugar units and expansion of existing ones.

Under the scheme, incentives in the form of higher free sale sugar quota are granted to new units and the expanding units in the low, medium and high recovery areas. Low recovery area is one with an average sugar recovery of less than 9 per cent, a medium recovery area with recovery of between 9 and 10 per cent and high recovery area with recovery of more than 10 per cent: (i) New sugar units in the low recovery areas are allowed to market their entire production as free sale quota for the first seven years. The percentage would be reduced to 75 per cent in the eighth year. (ii) For medium recovery areas, the units are allowed to sell their entire production as free sale quota for the first four years which would come down to 65 per cent at the end of the fifth year and to 35 per cent thereafter. (iii) In high recovery areas the free sale quota would be 90 per cent in the first year, 80 per cent in the second year, 70 per cent in the third year, 60 per cent in the fourth year, 55 per cent in the fifth year and 35 per cent thereafter.

For expanding units, the higher free sale quota is available for five years in the following manner: (i) high recovery areas — 40 per cent of the production every year, (ii) medium recovery areas—60 per cent in the first two years and 50 per cent in the remaining three years and (iii) low recovery areas —90 per cent in the first two years; 75 per cent in the third year; 70 per cent in the fourth year and 60 per cent in the fifth year. Sugar units requiring an investment of Rs 3 crores and more were obliged to take an industrial licence. Since September 7, 1981 even units requiring a lower investment have been covered under the purview of industrial licensing.

The violent fluctuations in the production of sugar that have characterised the industry for many years must be overcome. The cyclical fluctuations in the production of sugar have led to alternating periods of glut and scarcity of which the country had an unpleasant taste during the last three years. The fortunes of the sugar industry are tied down to the availability of sugarcane whose supply has been far from steady. The production of sugarcane rose from 114 million tonnes in 1971-72 to 144 million tonnes in 1974-75, to fall to 141 million tonnes in the following year to rise again during 1976-77 to 154 million tonnes and still higher to 177 million tonnes during 1977-78 only to register a precipitous fall to 152 million tonnes in 1978-79. The production fell lower still to 128 million tonnes during 1979-80 to rise to 151 million tonnes in 1980-81. The current year's (1981-82) estimate is 180 million tonnes!

The present crisis in sugar should prompt a serious consideration as to how to prevent its recurrence. Obviously the most effective means to do so would be to reduce the power of the sugar syndicate. This could be done if the sugarcane is processed by cooperatives with universal membership of sugarcane growers. If all sugar factories were cooperatives of cane growers the nexus between sugar and sugarcane price would also get established smoothly as the clash of interest between the grower of sugarcane and sugar manufacturers would be minimised.

The sharp changes in the availability and prices of sugar that the country has been experiencing at some intervals point to the inescapable need to set up a buffer stock of sugar. The presence of the buffer stock would at least obviate the need to spend scarce foreign exchange to import sugar when the balance of payments is already adverse, as the Government had to do last year. The quantity of the buffer stock and the other details would have to be worked out carefully. But the *sine qua non* for the success of any policy depends primarily on the good intention of the policymakers and the determination to put that intention into practice. However, the public trust in such good intentions gets a serious jolt by such a turn in policy as considers it proper to reduce supplies to the public of a commodity when its production goes up. Such an anti-consumer policy has given rise to the current sugar crisis.

Wholesale prices of free market sugar in Bombay

ecember-end	Rs/Quintal	Percentage variation
1971	231	—
1972	360	+55.8
1973	398	+10.6
1974	390	— 2.0
1975	440	+12.8
1976	435	— 1.1
1977	378	—13.1
1978	210	—44.4
1979	435	+!07.1
1980	695	+59.8
1981	676	—2.7

Wholesale price index numbers for sugar

ear	Average index (1970–71=100)	Percentage variation over the preceding year indjcated
1950-51	50.5	—
1955-56	47.8	—5.3 (—1.1)
1960-61	64.4	+34.7 (+6.1)
1965-66	77.6	+20.5 (+3 8)
1968-69	100.8	+29.9 (+9.1)
1969-70	99.9	—0.9
1970-71	100.0	+0.1
1971-72	121.7	+21.7
1972-73	152.7	+25.5
1973-74	157.1	+2.9
1974-75	169.7	+8.0
1975-76	168.9	—0.5
1976-77	173.1	+2.5
1977-78	159.4	—7.9
1978-79	146.6	—8·0
1979-80	177.3	+20.9
1980-81	250.4	+41.2
1981-82 (April-Nov, average of month end figures)	261.8	+8.9

Compound annual rate of growth (per cent) etween 1950-51 and 1980-81

(a) Sugar Index	+5.5
(b) All commodities Index	+5.8

Note : Figures in brackets indicate compound annual rate of growth

Production of sugar

ugar season	Production ('000 tonnes)	Percentage variation over the preceding year indicated
1950-51	1,118	—
1955-56	1,829	+ 63.6 (10.3)
1960-61	3,028	+ 65.6 (10.6)
1965-66	3,532	+ 16.6 (3.1)
1970-71	3,740	+ 5.9 (1.2)
1971-72	3,108	— 16.9
1972-73	3,872	+ 24.6
1973-74	3,949	+ 2.0
1974-75	4,794	+ 21.4
1975-76	4,261	— 11.1
1976-77	4,840	+ 13.6
1977-78	6,457	+ 33.4
1978-79	5.842	— 9.5
1979-80	3,858	— 34.0
1980-81	5,143	+ 33.3
1981-82	6,800*	+ 32.2

*Estimated

Figures in brackets indicate compound annual ate of growth over thej preceding year ndicated

Sugar releases

Sugar year (Oct – Sept)	Levy	Free	Total
	Lakh tonnes		
1972—73	24.99	11.74	36.73
1973—74	24.33	12.00	36.33
1974—75	24.77	10.31	35.08
1975—76	25.92	10.75	36.67
1976—77	25.74	13.00	38.74
1977—78 (Oct – Aug)	30.77	11.85	42.62
Decontrol on releases with effect from Aug 16, 1978 and partial decontrol introduced from Dec 17, 1979			
1978—79 (Mar – Sept)	—	37.70	37.70
1979—80	26.71	29.10	55.37
1980—81 (Oct – Jan)	31.09	18.65	49.74
1980—81	10.94	5.75	16.69
1981—82	10.84	8.00	18.84

Monthwise releases

	1979—80			1980—81			1981—82		
	Levy	Free	Total	Levy	Free	Total	Levy	Free	Total
Oct	—	6.00	6.00	2.69	1.68	4.37	2.71	2.90	5.61
Nov	—	5.25	5.25	2.83	1.67	4.50	2.71	2.00	4.71
Dec	1.00	4.25	5.25	2.71	1.40	4.11	2.71	1.70	4.41
Jan	2.89	1.50	4.39	2.71	1.00	3.71	2.71	1.40	4.11
Feb	2.92	1.25	4.17	2.42	1.00	3.42			
Mar	2.75	1.25	4.00	2.54	1.10	3.64			
Apr	2.90	1.25	4.15	2.57	1.25	3.82			
May	3.05	2.75	5.80	2.41	2.00	4.41			
June	2.69	1.75	4·44	2.42	1.80	4.22			
July	2.70	1.25	3.95	2.37	1.60	4.17			
Aug	2.66	1.25	3.91	2.71	1.70	4.41			
Sept	2.71	1.25	4.06	2.71	2.25	4.96			
Total	26.71	29.10	55.37	31.09	18.65	49.74			

LETTER FROM BRUSSELS

MALCOLM
SUBHAN

Stability in textiles trade?

BRUSSELS

IN any negotiations the stronger party usually comes out on top. And the year-long negotiations over the renewal of the GATT Multifibres Arrangement (MFA) proved to be no exception. In the end the greater economic strength of the US and the 10-nation European Economic Community prevailed over the negotiating skill and sense of unity displayed by the developing exporting countries.

This is not to say the latter scored no gains. The conclusions of the Textiles Committee, which reinterpret and extend the original MFA, are much less favourable to the industrialised importing countries than they had anticipated. The fact is that when the crunch came even the industrialised countries realised that for all their economic muscle they needed the MFA as much as the majority of developing countries.

Unfortunately for the latter, the uncertainty which marked the outcome of the negotiations remains. This is because the EEC has bluntly told the other MFA countries that it will be "unable to continue to participate in the MFA ... if it proves impossible to conclude satisfactory new bilateral arrangements."

The Community is expected to sign the protocol extending the MFA for a further period of 4 years and 7 months, *i.e.* until July 31, 1986, and a decision to this effect should be taken by the Council of Ministers when it meets here on January 26. But it will be signing the protocol (to which the agreed conclusions of the Textiles Committee are annexed) simply because the developing countries would otherwise refuse to renegotiate their bilateral agreements with the EEC.

As the Community's chief textile negotiator, Horst Krenzel, told the Textiles Committee at the conclusion of the MFA negotiations on December 22, the EEC will "examine the situation and reassess its position concerning the MFA in the early autumn of 1982." Some observers here believe the EEC is deliberately fostering this climate of uncertainty, knowing that it will act as a brake on exports from the developing countries.

Others take the opposite view. They claim that with the conclusion of the MFA negotiations stability will return to world trade in textiles and clothing. Exporting countries which have been underutilising their quotas will make every effort to increase the utilisation rate during 1982 and thus avoid the introduction of an antisurge mechanism as sought by the EEC. (The present bilateral agreements only expire at the end of 1982.)

While full utilisation is rare, partly because of the way in which the quotas are distributed among the Common Market countries, Indian exporters will have to make a considerable effort as regards the following items, for which the 1980 utilisation rate is shown in brackets: cotton yarn (23 per cent); gray cloth (60 per cent); other woven fabrics (15 per cent); women's blouses (68 per cent); men's shirts (50 per cent); cotton towelling (30 per cent); women's coats (75 per cent); handkerchiefs (40 per cent); table linen (17 per cent); and women's underwear (3 per cent).

Even so, Indian exporters are unlikely to be affected by an anti-surge mechanism. This is partly because the EEC has conceded that it is to be used only against suppliers who account for a certain minimum percentage of imports. More important, the Community had to make substantial concessions during the negotiations on surge.

The term itself does not appear in the conclusions. Para 10 refers to "significant difficulties" stemming from "consistently under-utilised larger restraint levels" (*i.e.* quotas) which "cause or threaten serious and palpable damage to domestic industry." Where such difficulties exist, exporting countries "may agree to mutually satisfactory solutions or arrangements."

The EEC cannot—any more than the US or Canada—take unilateral action as it had planned. It must propose a solution to the exporting country, which could turn it down. In practice of course the EEC will try to incorporate this solution into its bilateral agreements. But the exporting country will have the right to ask for "equitable and quantifiable compensation" under Para 10. It could, for example, ask for another quota to be increased by a corresponding amount.

The agreed conclusions also provide for cutbacks. But again the term itself is not used any more than the expression "dominant supplier." The EEC, which wants to reduce quotas for kong, South Korea, Taiwan and by up to 10 per cent at least, incorporate a provision to this e the Textile Committee's conclusio

Here, again, the Community accept a compromise. Para 8 is so worded in fact that the EEC ref initial the extension of protocol had received firm assurances from t the four dominant suppliers th understood that the Community's ating mandate required cutbacks ports from Taiwan are restricted rally as it is no longer recognised Common Market country).

The 1983 quotas for all other tries will be fixed on the basis o 1982 access rights—*i.e.* quotas— ed by the annual growth rate. Para 9 "a lower positive growth (less than 6 per cent) "may be upon between the parties to a bi agreement." This paragraph also to "a situation of market disrupti mentioned in Annexes A and B MFA, so that developing countries insist on proof of "a recurrence acerbation" of such a situation. In tice, however, exporting countries c expected to accept the annual g rates proposed by the EEC and US, as in 1977.

The rates likely to be propose the Community for the eight highl sitive products in Group I will from 0.1 per cent for yarn to jus 3 per cent for synthetic fabrics, pul and trousers, averaging around 1 pe for all eight products. The Lome vention countries may be offered g rates which are twice as large and Mediterranean countries rates 1.5 as large. For the dominant supplie the other hand, the rate for all eigh ducts could be only 0.1 per cent.

The number of items subjec quantitative restrictions will be than in 1977. The European Commi which is the EEC's negotiating ar all trade matters, had proposed that tas which are hardly used be scrapp together, but it was opposed by the ber states. The quotas imposed the basket exit mechanism will be tinued under the new bilateral

Continued on pa

EDITOR'S NOTEBOOK

Vadilal Dagli

HILE the government goes on proclaiming that it has been taking ssible steps to raise the standard of of the people, in actual practice it steps to create hardship to the com- man by making the basic necessities only costly but scarce. Which gov- ent concerned with the welfare of people will permit exports of such necessities as rice, sugar, onion, meat and now, believe it or not, -the poor man's sugar? It came as ew Year gift to the people when the rnment announced at the fag-end of l that it would now permit export ur. This is on top of its insane policy ermitting export of sugar. Sugar ex- s were allowed from November 1981. impact of sugar export on prices has n decisively adverse. At a time when ecord sugar output of about 70 lakh nes is expected in 1981-82, sugar es should come down and not go up. in India the government is in league h sugar manufacturers, and particular- socially irresponsible co-operatives, in hing up the price of sugar by control- g the monthly quota of sugar in such manner that supply position would al- ys remain tight.

Gur prices in 1979-80 increased by per cent and by a further 68 per cent 1980-81. However, during the year led November 1981, gur prices declin- by 13 per cent. But this meagre line should be viewed in context of fact that gur prices had almost treb- l in the previous two years. So, the vernment should have tried to bring wn the prices of gur by at least 100 r cent. Instead, it thought it fit to permit port of gur. Gur exports are quite minal and have hardly exceeded Rs 50 chs in a year. Why should then the vernment create a psychological scar- y in the availability of gur by announc- g its exports? Instead of organising *orchas*, the opposition parties should ke up such questions as export of gur d other basic necessities and persuade e government to withdraw these mea- ires.

★

WHATEVER may be the impact of President Reagan's economic policy f reducing government expenditure, one ajor development that has taken place that the government employment in e US has been declining for the first me since the World War II. Mr Reagan as elected to fight on the platform of reducing the size of the government. He had also promised to close down several departments of the government in his election speeches. He demanded that "we have got to curb the spending of money" by government and added: "The government only causes inflation so the government can end it". President Reagan acted on it swiftly, and its impact was both immediate and decisive. During the past one year ending November 1, the government employment in the US declined by as much as 3,16,000 workers. These included 40,000 at the federal level, 30,000 at the state government level and 2,46,000 at the local government level. For decades the government employment in the US had been regarded by economists as well as job-seekers as a growing sector of the job market. The government was thought to be an employer who gave a job which was highly secure. Now all that has ended.

★

PRESIDENTS of eight Royal Medical Colleges of Britain have demanded in a joint memorandum to the British Government that it should ban sponsorship of sports by tobacco companies. That tobacco causes cancer and premature death is well established and every advertisement of cigarettes carries a warning to the smoker. But the top-ranking British physicians have pointed out that despite the warning smoking accounts for at least 50,000 premature deaths and the loss of 50 million working days in a year in the United Kingdom. These facts alone should convince the government to curb smoking especially among the young. The physicians estimate that tobacco companies spend as much as £20 million (Rs 36 crores) a year on sports, provide as much as £ 2 million to £ 3 million (Rs 3.6 crores to Rs 5.4 crores) in prize money and still more in advertising and organising sports events. Sponsorship of sports by tobacco companies encourages smoking among young men and women. The memorandum of the British physicians said: "In consequence we are particularly concerned that sports sponsorship by tobacco interests will tend, in the minds of the young, to establish a paradoxical link between smoking on the one hand, and, on the other, enjoyable participation in healthy sports". In India also there are some instances of sponsorship of sports by tobacco companies and display of advertisements of tobacco companies at sports events. Both these should be banned in the interest of the health of the people and of the productivity of the economy.

★

MANUBHAI Pancholi who presided over the 31st session of Gujarati Sahitya Parishad held at Hyderabad recently is not only a thinker but also a great artist. Manubhai (who is well known by his pen name "Darshak") is a front-ranking novelist. He is an independent Gandhian thinker, and a great educationist who has spread Gandhiji's basic education in rural India. Outwardly he appears to be a constructive worker, but in his writings he is first an artist and then a servant of society. This is seen in his famous novel *Deep Nirvan* (A lamp is extinguished). This historical novel is a perfect piece of art. Even those who preach art for art's sake would applaud the writer of this novel. His most famous novel *Jher to peedhan chhe jani jani.* (On Drinking the cup of hemlock knowingly) is an interpretation of contemporary India as well as Europe after the Second World War. It has been successfully staged and filmed. In his novel *Socrates* we see a stimulating assessment of the life of Socrates. This novel was given Sahitya Akademi award in 1975.

Born in 1914, Manubhai Pancholi is one of those literary talents who were educated in the school of life. He studied up to the fifth standard and at the age of 15 joined the freedom movement. Since 1937, he worked with the great educationist Nanabhai Bhatt who went to a village in Saurashtra in Gujarat to establish Gram Dakshinamoorti. Manubhai today heads Gram Dakshinamoorti as well as the institute of higher education, Lok Bharati, at Sanosara, in Saurashtra. The theme of his presidential address at the Hyderabad session of the Gujarati Sahitya Parishad was "Journey towards complete through incomplete". In his address he lamented the fact that writers of Gujarat have lost touch with the people during the last 25 years. He said that unless writers were in touch with the people, no worthwhile literary work could be created.

Special Reports

Clausen's visit: Murky aid outlook

From ARVIND BHANDARI

NEW DELHI

CLAUSEN is no McNamara: in fact the then President-elect Reagan was consulted by Carter before nominating Clausen to the World Bank board. And even if the perceptions of the mentor and the protege were to differ, there is little Mr Clausen can do to ease the tight situation created by the Reagan Administration on the multilateral aid front. Therefore, whatever the Indians drums into the World Bank President's ear when he arrives in New Delhi on January 18, it is not going to yield more dollars.

Since India has been receiving about 40 per cent of the aid disbursed by IDA, World Bank's soft-loan affiliate, tightening of the screw by the Reagan Administration is naturally regarded as aimed at India. **Initially the US, which is supposed to be committed to contribute three billion dollars to the sixth replenishment of the IDA, resorted to the subterfuge, thought up by Mr Reagan's budget director, Mr David Stockman, of splitting the payment in three annual instalments: 800 million dollars in 1981-82; 800 million dollars in 1982-83; and 1,400 million dollars in 1983-84.** The unspoken trick obviously was that, when the time for the third instalment arrived, US Congress could not be expected to endorse as big a hike as 600 million dollars in one year. In any case, it now transpires that the Congress has gone one better and approved for the current year an American contribution of not 800 million dollars, as stipulated by the Reagan Administration, but only 700 million dollars. This has also affected the contributions of other donor countries. As a result, the IDA will have for disbursement in the year ending June 30 **a total amount of only 2.6 billion dollars, which is about one billion dollars less than what was expected earlier.**

One result of this, as Mr Clausen recently pointed out, is that henceforth the World Bank will have to depend increasingly on borrowings in the international money market in order to meet its aid obligations to developing countries. This means that, because of the high cost of commercial borrowing, comparatively more aid would be disbursed as World Bank loans at a rate of interest which was raised to 11.6 per cent two months ago. Correspondingly, less aid would be disbursed as IDA loans which carry no interest but only a service charge of 0.5 per cent.

Whatever the Economic Secretary, **Mr R. N. Malhotra, might try to make out after his return from Washington a few days ago, it is obvious that a cut of 25 per cent in India's share in the next** year's IDA tranche is bound to adversely affect the country's development projects. According to authoritative sources, the expansion and modernisation plan of the railways has now been linked with the finalisation of the computerisation plan. Earlier the Bank had appraised three projects including the diesel component workshop at Patiala, electrification plan and modernisation of Railways Phase II. It was decided that the negotiation for these projects will begin in the current year itself and a loan of 700 million dollars will be approved. At that time the Bank was also considering assisting India in its effort to computerise railway freight and passenger operation system. It was agreed that a part of 700 million dollars loan will be earmarked for the computerisation plan. However, the three projects and the computer plan were not linked then. During a recent visit of a World Bank team, it was suggested by the Bank officials that as the railways were making an in depth study of the computerisation programme and looking for an appropriate technology from abroad, **the negotiations on all the projects should be taken after July 1982. This is a clear indication that the current year's tranche is being passed on to next year.**

In the power sector too the Bank's attitude is hardening. Fortunately at present there are no power projects in the pipeline to be posed to the Bank. The last project that was approved by the Bank was Ramagundum Phase II for which it gave 300 million dollars. The Bank in its discussions with the NTPC officials before approving Ramagundum **loan insisted that formal agreements with** the state electricity boards should be entered into for the payment of power supplied. Moreover the Centre should guarantee that the *SEBs* will make prompt payments. The Bank has also clarified that the finalisation of the Rural Electrification Corporation loan of 350 million dollars — hanging fire for quite so time — would be done when the Gover ment of India takes certain measures improve the financial viability of t *SEBs*. It has suggested that *SEBs* shou switch over to commercial accounting an the rate of return should be raised fro the present level of 10 per cent to at lea 12 per cent. The Bank is also insist that the power rates for all sectors shou be increased to raise internal resources the *SEBs*. Currently, power is supplied agriculture at subsidised rates.

Although the railway developmen programme might go into reverse gea the Government is determined, as is ev dent from the deliberations of the fu meeting of the Planning Commission he on December 28, not to let the pow development programme slide irrespectiv of the quantum of IDA aid. Apart fro the fact that power development is th most vital need of the economy, structur adjustment with a view to making up th lacuna in power is one of the conditio attached to the gigantic IMF loan rece ved by this country. Therefore, prepara tions seem to be afoot to make up th gap in the IDA aid through commerci borrowings in the international mone market. The ceiling of 1.4 billion dolla on commercial borrowings by this cou try, which has been imposed by the IMI should be no problem because in recen years India's commercial borrowings hav averaged 800 million dollars per annum It is significant that the Ministry of Fi ance is setting up an altogether new div sion to monitor commercial borrowin in the future. In addition to commerci borrowings, another method to augmen external resources being considered is t enter the international bond market in big way. A start has already reported being made for a pilot issue of 20 millio dollars in 1981.

One other method being contempla ted by the Government to ensure th power development does not suffer is t invite the private sector to participate power generation. But this idea is takin time to get off the ground because of controversy in regard to distribution o power. The prospective parties whic might like to come forward in the powe generation sector want that they shoul also be associated with its distributio the Government is disinclined to ıt.

Apart from commercial borrowings, seems to be inviting the Interna- l Finance Corporation of the World group to aid the country's private r, Specifically, the World Bank's IFC ate has helped finance a new indra and Mahindra engine plant: a r modernisation programme for the Iron and Steel (*TISCO*) a direct in- ment in Nagarjuna Steel Ltd, a loan Coromandel Fertiliser's new cement it at Kalamalla; and a loan to help ok Leyland expand its India-wide k and bus chassis manufacture. But necessary to note that IFC is not a bsidy" organisation and charges inte- at commercial rates, currently vary- around 16 per cent to 16.3 per cent. erefore, recourse should be had to IFC istance only if it is more beneficial n commercial borrowing. Again, Mr ns Wuttke, who has been in India ing the past few days has indicated t IFC is also interested in equity parti- ation in Indian industry.

Bad as things are for the foreseable ure, they are likely to be worse in the re distant future. According to present lications, plans for the seventh reple- hment of the IDA, which is scheduled start in July 1983, will be conditional the beneficiary countries accepting ffer terms of repayment. The Bank thorities have already let it be known at unless the repayment period is cut 20-25 years from the present morato- m of 10 years and a repayment sche- le of 50 years, there would be no IDA ding on any significant scale in future. ey have also proposed a commitment of one per cent, in addition to the esent service charge of 0.5 per cent.

There seems to be a measure of derstanding of this in New Delhi. Offi- als here recognise that in the prevailing certainty over resource commitments the donor countries, recycling of IDA edit necessarily has to be substantially epped up. Moreover, the least developed tions are now bringing pressure on dia and the other main recipients of DA replenishments to accept a shorter payment schedule. The LDCs are de- anding a larger share of IDA credit. It their view that a faster recycling of ssistance given to the more advanced embers of the third world is vital if they re to benefit more from IDA.

Another portent which does not ugur well for India's position as a bene- ciary of the World Bank aid is the mergence of China as a competitor. Since DA aid is given largely on population asis, China will soon dislodge India rom the position of leading recipient. Beijing also appears to be trying to fudge he Chinese per capita income figures in rder to get as much as possible. But

As I see it

Why good Darjeeling tea must become scarce

THE *Uttarbanga Sangbad*, published from Siliguri in North Bengal, reports in its issue of December 17, 1981: "The tea gardens in Darjeeling are in the midst of a severe crisis. Work is suspended or about to be suspended in thirty-one of the ninetyone tea gardens, for one reason or the other. Among the seventeen gardens, where work has stopped completely, are six owned by the Central and State Governments. One garden is under lockout, in one work stands suspended, from three gardens the managers have fled, in seven some work is going on but the workers do not get any wages and in two an impasse has been created by the management-worker confrontation. The production of nearly 40 million kg of the worth about Rs 60 crores annually is thus involved. Thirtyfive thousand workers with their 1.25 lakh dependents are thus condemned to suffer utter financial privation and suffering on very many other counts. The managements of fourteen gardens have already indicated their unwillingness and inability to keep their estates running."

Even in the gardens which are considered to be running the condition is far from what is desirable. After a few years these gardens would no longer yield tea, inasmuch as most of the tea plants in these gardens are 60 to 80 years old. The standard of tea is, of course, very much down; even then production is also very much down. The growing bankruptcy of the gardens has naturally caused great alarm among the workers, whose economic future is grievously threatened. The insecurity-ridden workers are easily persuaded to multiply workers' unions with the allurement of securing more expeditious and more hecrative returns. The first result of the multiplicity of unions is a steep rise in inter-union rivalry which often leads to violence and even death for the workers, eight of whom recently lost their lives in the inter-union clashes at the Sameriang tea estate in Kalimpong.

A factor that has contributed to the steady deterioration in the condition of the tea gardens in Darjeeling is the attitude of the new owners, who have taken over from the erstwhile British proprietors of these estates. Many of the new owners view these estates as an ideal means of securing the grants from the Central Government, obtain subsidies and bank finance and other official assistance rather than something to be nourished to yield a steady income. This get-rich-quick psychology has wrought havoc with a large number of tea gardens in north Bengal.

According to the latest estimate there was going to be a fall of 13 million kg in the production of tea during 1981—fall of 5 million kg in north-east India and the balance in south India. The annual production of tea during 1981 was now put at 560 million kg. The point is that Sri Lanka was reported to have increased the production of tea by about 14 million kg during 1981, offsetting the fall in India on a global scale. The implications of any sizable reduction in the quantity of tea produced in the Darjeeling district are quite grave for the prosperity of the industry as for the future of tea exports. For the bulk of tea exports is constituted by quality tea which Darjeeling gardens produce. The Chairman of Indian Tea Association, Mr V. P. Maithel in his address to the annual general meeting of the Assam branch, made the point that the industry was just not in a position to mobilise Rs 60 crores from internal resources to fulfil the Sixth Plan target of investment of Rs 268 crores. Obviously closed gardens do not help matters much in this regard.

Subhash Chandra Sarker

China will only become eligible for aid from disbursement of the seventh IDA replenishment.

While the Reagan Administration is hell-bent on proving that there is no such thing as politically untied aid, another American argument is worth recording. Considering that the World Bank has contributed 550 million dollars towards financing India's oil development and that the 5.6 billion dollars IMF loan is intended mainly to pay for oil imports, it is argued by the Americans that the efficiency with which New Delhi goes about its oil search programme should have a bearing on India's eligibility for multilateral assistance. But, Washington further argues, India is not playing the game sportingly inasmuch as it is creating obstacles in its oil search programme by insisting that foreign oil companies should sell the discovered oil at an agreed price in India. The Americans also allege that the better blocks for oil exploration are being given to the Oil and Natural Gas Commission and Oil India. Therefore, stretching the point still further, it is contended that India has no right to be aided extensively at the expense of other countries when New Delhi is doing nothing to check the oil drain which necessitates the aid.

Whatever the reasonableness or otherwise of the American argument, it has to be conceded that the selection of foreign companies to conduct India's oil exploration programme has been overdelayed and that the main reason is that disposal of the discovered oil has become a bone of contention between New Delhi and the foreign bidders. Therefore, it has now become necessary to have another round of global bids. So far, only one company, Chevron Overseas Petroleum Inc, has been tentatively selected and with that also the finalisation of the contract is proving difficult. Anyhow, irrespective of what the Americans say, it is in New Delhi's own interest to speed up the oil search contracts with foreign companies because India's technological and n power resources as represented by ONGC and Oil India are fully stretc not to speak of the commitment mad IMF to substantially increase indigen oil production.

As for utilisation of the World B aid, we are likely to extract another lomatic pat on the back from the W Bank President. But we are good onl comparison to the LDCs. Intrinsically standard of utilisation calls for much provement. It is to be hoped that powers that will expose the World B President to the media and not keep shielded in a propagandist shell.

Political parties and fake trusts

From RADHESYAM PUROHIT

BONN,

THE financing of political parties in West Germany has been cited as a "model" by those who believe that state subsidities help preserve the morality of political organisations. Political parties in West Germany were believed to be free from corruption. By relying on state subsidies for election campaigns t were believed to function with "cle financial resources. Against this ba group, the reports on the "Antulay affa in Bombay in the German press m corruption appear synonymous with p tical life in poor countries like In But German politicians have now pro that corruption is not confined to p countries.

The West German constitution entrusted the political parties in W Germany with the responsibility of be the "political teachers of the natio Article 21 of the "Basic Law" gives p tical parties the constitutional right participate in forming the political of the people." The German consti tion also requires them to conform w democratic principles in their inner str ture and to "publicly account for sour of their funds".

The sources of funds are mai membership fees, tax-free individual d nations up to DM 1,800 (till 1980, D 600) made annually by party friends a the election campaign subsidy from state treasury at the flat rate of DM 3 per vote polled. In the early fifties was legal for political parties to recei directly or indirectly through their o foundations "donations" from rich pa friends. Such contributions could be d ducted from the donor-company's incom tax. But the West German Constitution Court, the highest authority to decide constitutional matters, decided to st such "donations" in 1958, as it w against the principle of "equal chanc for all". Only the CDU/CSU and FD the parties then in power, benefited fr the "donations" and the SPD, now power but in opposition in those da was "discriminated", against.

In another judgement, the Constı

Retail prices of essential commodities in Bombay

Compiled by Commerce Research Bureau

Item	Quality	Rs per kg				Percentage variation on January. 1, 1982 over		
		Jan. 1, 1982	Dec. 25, 1981	Dec. 4, 1981	Jan. 2 1981	A week ago	A month ago	A year ago
Rice	Average	3.80	3.80	3.80	3.00	—	—	26.7
Wheat	Average	3.90	3.90	3.90	2.80	—	—	39.3
Jowar	Average	2.50	2.30	2.30	2.20	8.7	8.7	13.6
Bajra	Average	2.50	2.30	2.30	2.20	8.7	8.7	13 6
Gram dal	Average	6.00	6.00	6.00	6.40	—	—	—6.3
Tur dal	Average	6.50	6.00	6.00	6.50	8.3	8.3	—
Potatoes	Average	2.00	2.00	2.00	2.00	—	—	—
Onions	Average	2.50	2.50	2.50	1.00	—	—	150.0
Milk per litre	Buffalo	5.00	5.00	5.00	4.30	—	—	16 3
Tea	Average	23.00	23.00	23.00	24.00	—	—	—4.2
Coffee	Average	17.50	17.50	17.50	16.50	—	—	6.1
Kerosene per litre	—	1.66	1.66	1.66	1.39	—	—	19.4
Bread (400 grams)	—	1.55	1.55	1.55	1.40	—	—	10.7
Sugar	Average	7.00	6.00	5.85	7.20	16 7	19.7	—2.8
Gur	Average	5.00	5.00	6.00	5.00	—	—16.7	—
Groundnut oil	Average	15.00	14.50	14.50	12.50	3.4	3.4	20.0
Vanaspati	Average	15.00	15.00	14.50	—	—	3.4	—
Toilet soap	—	1.95	1.95	1.95	1.90	—	—	2.6
Exercise book (200 pages)	—	2.50	2.50	2.50	—	—	—	—

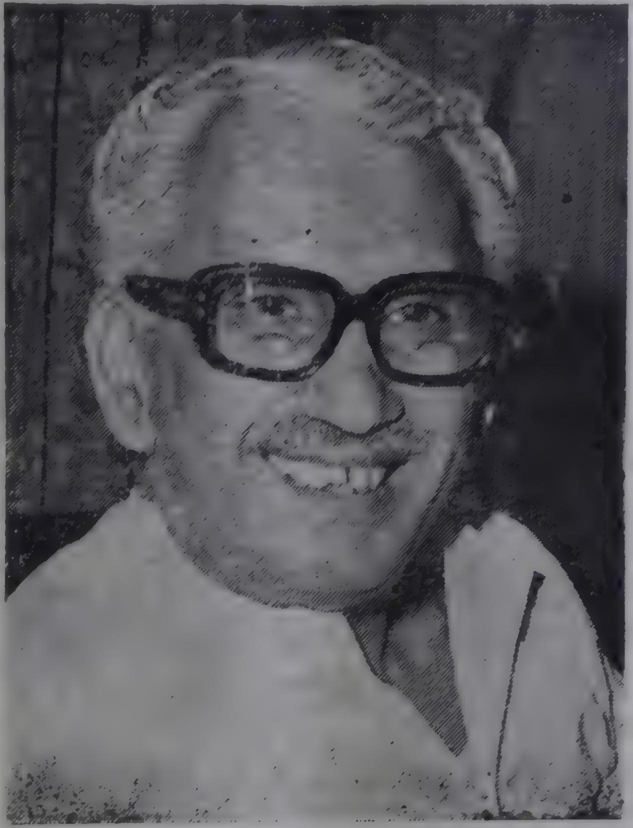
New Kerala CM, an easily accessible person

MR K. Karunakaran, Congress (I) leader, who was appointed leader of the joint legislature party of the eight-party United Democratic Front in Kerala and sworn in as Chief Minister on December 26, returns to the CM's seat for the second time.

He did not survive in office, the first time and resigned after a month on April 25, 1977 when a storm broke out over the Rajan case. Few people then believed his political career would survive the episode. The High Court verdict against him tarnished his image. His erstwhile colleagues disowned him, a sizable section of his own party in the undivided Congress turned against him and the Marxists were vociferous in their criticism of him.

He was indicted at a time when the Congress party led by Mrs Gandhi had lost power at the Centre and was organisationally in a shambles. The unsavory happenings during the emergency had caused the party a setback, and Mr Karunakaran had to set about rebuilding the party at the state level and succeeded.

Born in Cannanore Mr Karunakaran began his political career as a student by participating in student politics He was one of the founder members of INTUC. At the age of 27 he was elected to the Trichur Municipal Council (1945-47). He was then an active worker of the Cochin Praja Mandalam. He was a member of the Cochin Legislative Assembly in 1948-49. Following the integration of Travancore and Cochin, he became a member of the Travancore-Cochin Assembly in 1952. Two years later he was elected to the TC Assembly.



Mr K. Karunakaran

After the formation of Kerala, he was elected to the State Assembly from Mala constituency in 1965, 1967, 1970, 1977 and 1980. Between 1967-1970 he was the leader of the Congress Legislature Party. In 1969, he was made a member of the Congress Working Committee. He joined the Achutha Menon ministry on September 25, 1971 and held the Home portfolio till March 24, 1977. As Home Minister, he proved to be an able administrator and commanded the loyalty of the police who were a well-knit force under him. But, his detractors believed that he used the police to subjugate his political opponents.

Mr Karunakaran, who is 63 years, is a good speaker, persuasive, affable and easily accessible. He is also a deeply religious man. He and his wife, Mrs Kalyani Amma worship at the Guruvayur shrine of Lord Krishna on the first of every Malayalam month. He has a mass appeal. But, his term as Chief Minister is likely to be short as he wants to go in for fresh elections.

His eight member ministry sworn into office on December 28 includes:

Mr C. H. Mohammed Koya (IUML), Deputy Chief Minister
Mr Oommen Chandy (Con-S), Home
Mr K. M. Mani (Kerala Congress-M), Finance
Mr P. J. Joseph (Kerala Congress-J), Land Revenue, Education
Mr R. Sundaresan Nair (NDP), Health
Mr C. M. Sundaram (PSP), Local Administration
Mr K. Sivadasan (RSP rebel), Labour.

Its first task will be to prove it commands a majority in the state assembly.

---

tional Court ruled that political parties were not "charitable trusts for public benefit" and donations given to them were not free of income-tax. But soon all the four political parties (Christian Democratic Union — CDU, the Christian Social Union—CSU, the Social Democratic Party—SPD and the Free Democratic Party—FDP) represented in the Bundestag, the lower house of the Parliament, established their own trusts and foundations with branches and sister organisations abroad. This net-work of trusts and foundations belonging to the political parties and enjoying the status of "charitable trusts" became new sources of funds for the parties.

It has been argued that as the election campaign became highly expensive and the party apparatus expanded by leaps and bounds, the party treasurers were forced to look for additional money. Thus inspired by the politicians, many German industrialists and businessmen, profiting from the goodwill of the political parties in power, remitted large sums to fake "charitable trusts", ostensibly devoted to the promotion of christian, social and liberal ideology in Belgium, Great Britain and even Lichtenstein, from where the money returned to the treasuries of the political parties in Bonn. The generous donor was given a donation-receipt by the fake "charitable trust" —existing sometimes only on paper—so that he could get tax-exemption on the "donated" sum. This was the "system" that developed for raising additional sources of finance for all the four parties. By using this "illegal" means for raising funds, the parties not only violated the income-tax laws but also acted against the constitution, which demands public account of the sources of party funds. It need hardly be said that the "black money" collected through "charitable trusts" found no mention in the public statement about funds issued by the political parties.

Three years ago, the public prosecutor in Bonn fund some irregularities in the finances of the Free Democratic Party (FDP). A public investigation in to the matter, found that several funds collected by the FDP in North-Rhein Westphalia, were originally declared as "donations for charitable purposes" by the donors. Prompted by his discovery the public prosecutor ordered raids on the offices of various donors and seized files and documents concerning the company's donations to the "charitable trusts". A chain-discovery of fake "charitable" institutions—many existed only on paper — was made. The investigation authority also traced the donated money, to the donors.

At a later stage, it was revealed that leading West German politicians were suspected of collecting illegal funds amounting to millions of Marks for their respective political parties. Investigations ordered and carried out against some 700 German firms, industries and individuals proved that large sums were transferred under the cover of "donations" to fake charitable institutes at home and abroad, with the sole purpose of finally channelling the money to political parties in Bonn. Investigations were also ordered against prominent members of the present SPD/FDP coalition government. Dr Otto Graf Lambsdorff, present Economic Minister and

INDIAN ECONOMY: BASIC INDICATORS

By Commerce Research Bureau

WEEKLY INDICATORS

Wholesale Price Index (1970-71=100)

	During the week ended				Percentage variation			
	Dec. 12 1981	Dec. 5 1981	Nov. 14 1981	Dec. 13 1980	Over a week	Over a month	Over a year	Over two years
Manufactured products	260.7	262.1	266.1	253.8	—0.5	—2.0	2.7	14.0
Primary articles	263.7	263.9	265.6	240.5	—0.5	—0.1	9.6	22.5
Fuel, power, lubricants etc.	437.5	437.5	437.5	357.5	—	—	22.4	48.1
All commodities	276.9	277.7	280.4	256.9	—0.3	—1.2	7.8	21.0

Money and Banking

	During the week ended				Percentage variation			
	Dec. 18 1981	Dec. 11 1981	Nov. 20 1981	Dec. 19 1980	Over a week	Over a month	Over a year	Over two years
Money supply (M3) (b)	60,477(a)	60,603	60,121	52,392	—0.2	0.6	15.4	35.9
Bank credit	28,634	28,411	28,150	23,766	0.8	1.7	20.5	39.4
Aggregate deposits	42,528	42,452	42,164	35,885	0.2	0.9	18.5	39.4
Foreign exchange reserves(a)	4,116	4,161	3,942	5,327	—1.1	4.4	—22.7	—30.3

MONTHLY INDICATORS

	Latest month			Previous month	Percentage variation over previous month	Recent trend(c) (Per cent)
	Unit	Month	Amount/ Index			
Industrial production (crude Index)	1970=100	Oct. 1981	153.5	156.0	1.6	11.4
Exports	Rs. crores	June 1981	464	531	—12.6	—0.4
Imports	Rs crores	June 1981	941	893	5.4	—1.5
Trade balance	Rs crores	June 1981	—477	—362	—	—
Foreign exchange reserves (a)	Rs crores	Nov. 1981	3,919	4,152	—5.6	—17.8
Wholesale price Index	1970-71=100	Nov. 1981	279.8	233.6	—1.3	11.1
Consumer price Index for Industrial workers	1960=100	Oct. 1981	460	456	0.9	13.6
Unemployment(d)	Lakhs	July 1981	170.1	165.1	3.0	9.6

ANNUAL INDICATORS

	Unit	1980-81	1979-80	1973-74	Percentage variation in 1980-81 over 1979-80	Annual rate of growth between 1973-74 and 1980-81
Real national Income	1970-71=100	136.6(a)	126.7	105.1	7.8	3.8
Real per capita Income	1970-71=100	110.9(a)	104.8	98.1	5.8	1.8
Agricultural production	Triennium ending 1969-70=100	132.4	116.5	112.4	13.6	2.4
Foodgrains production	Million tonnes	130	110	105.0	18.2	3.1
Industrial production	1970=100	154.4	148.1	112.6	4.2	4.6
Exports	Rs crores	6,705	6,459	2,523	3.8	15.0
Imports	Rs crores	12,330	9,022	2,955	36.7	22.6
Trade balance	Rs crores	—5,535	—2,449	—432	—	—
Foreign exchange reserves*	Rs crores	5,316	5,706	764	—6.8	31.9
Money supply (M3) (b) *	Rs crores	55.314	46,792	17,571	18.2	17.8
Bank credit	Rs crores	25,270	21,537	7,339	17.3	19.3
Aggregate deposits	Rs crores	37.847	31,759	10,139	19.2	20.7
Wholesale prices (average)	1970-71=100	256.6	217.6	139.7	17.9	9.1
Consumer price Index for industrial workers*	1960=100	420	373	275	12.6	6.2
Unemployment(d)**	Lakhs	162	143	82	13.3	10.2

Notes: (a) Estimated by Commerce Research Bureau. (b) Includes currency with the public, deposit money of the public and time deposits with banks. (c) Figures indicate percentage change during the current fiscal year up to the latest month indicated as compared with the corresponding period in the preceding fiscal year. (d) Data relate to number of jobseekers on the live register of employment exchange. * Financial year-end data. ** Calendar year-end data. (...) = Not available

former treasurer of the FDP, the treasurer of the FDP Mr Hans Gattermann, Mr Walter Leisler Kiep, treasurer of the CDU and candidate for the Mayorship of the city-state Hamburg, Mr Alfred Nau, former treasurer of the SPD and chief of the party's publishing house "Vorwaerts" have since then been much in the news as "illegal money-collectors" Also the present Finance Minister, Mr Hans Matthoefer is suspected of having collected "black money". It has been reported that he took DM. 50,000 from a industrialist named Mr Flick and favoured him by getting him a tax benefit, in the transfer of a big packet of shares of Daimler-Benz.

As the affair of illegal party funds started making headlines in the German press, the political parties in the Bundestag made an unusual move to get out of legal difficulties involved. They joined hands together and wanted to introduce a law in the lower house, which was designed to grant a kind of "general amnesty" to the politicians and industrialists involved in the party-fund racket. The SPD forwarded a proposal under which the due income-tax would be paid on the "black money", the matter "repented" and those involved in this considered "free", no more liable to prosecution by the authorities. But young members of the SPD in the Parliament revolted against the idea of such a law and threatened their party that they would vote against the bill. "Where do we then stand?" asked the SPD-Member of the Bundestag, Mr Norbert Gansel: "on the one hand we ask the people to obey the laws that the Bundestag makes. But on the other, when the members of the parliament themselves violate the laws, they even dare to think of making a new law which should grant them the freedom to violate laws!"

Another leading SPD-Parliamentarian made the picture more clear. He said that there were thousands of cases of tax-evasion being investigated by the German courts. If the politicians and leading industrialists were given "general amnesty" for evading taxes, how were the others to be treated. "If you decide to abolish the death-penalty, you can then hardly hang those awaiting the sentence," he said.

The dilemma is, however, that all the parties are involved in the racket and they want to come out of the affair unhurt. But public opinion is understandably against them and would not admit special privileges to the politicians. The discussion on the issue has been adjourned because of the Christmas and New Year's holidays. The chairman of the parties have agreed to meet in January and discuss the thorny problem.

R. C. Shah, EXIM bank chief

THERE could not have been a better choice than Mr R. C. Shah for the restigious post of the chairman and nanaging director of Export-Import Bank f India launched in the new year.

An acknowledged expert in banking nd money matters and particularly in foreign exchange dealings, Mr Shah, who was till recently chairman and managing director of Bank of Baroda, brings to his new assignment over 37 years of rich experience in banking. While at Bank of Baroda he worked in responsible positions in the UK, Uganda and East Africa and had held many managerial positions like joint general manager, general manager and chief general manager before he was appointed chairman and managing director of the bank in May 1975. During his tenure the bank emerged first among the nationalised banks in terms of global deposits.

Mr R. C. Shah

Mr Shah has already taken over the reins of *EXIM* bank and his tenure will be for three years ending December 31, 1984.

The *EXIM* bank, which has headquarters in Bombay, is presently functioning from the premises of Industrial Development Bank of India at Jolly Maker Chambers No 1, Nariman Point, Bombay 400 021, but is expected to shift to its own premises in the near future. It will be the lead bank for financing exports. It will have a paid-up capital of Rs 50 crores. To begin with the Union Government has agreed to give it a loan of Rs 20 crores. In due course, the bank will have branches in all major cities of the country and later in foreign capitals, too.

Stability in textiles trade?

Concluded from page 58

ments, although the Commission had proposed that those which apply in only one or two of the 10 member states be dropped—while those which apply in a majority of them be extended to the entire Community.

Under Para 9 of the conclusions the EEC can also reduce flexibility, especially in the case of "a heavily utilised quota with a very large restraint level" from a source "accounting for a very large share of the market." In the Community's view this paragraph could apply to countries other than the dominant suppliers — for whom zero flexibility is envisaged for some of the highly sensitive products. However, Para 9 also makes it clear that reductions must be negotiated—i.e. cannot be imposed unilaterally.

In other words, importing countries cannot do as they like; the agreed conclusions impose a number of restraints on them. Paras 7 and 8, for example, oblige them to respect the MFA's provisions on market disruption more fully than hitherto. Requests for action under MFA Articles 3 and 4 should be accompanied by specific factual information. Cotton producing exporting countries must be more favourably treated, along with new entrants and small suppliers.

Developing countries will be able to invoke all these, and similar, paragraphs of the agreed conclusions during their bilateral negotiations. To what effect remains to be seen, of course. It is perhaps significant that during the recent negotiations the developing countries were obliged to abandon most of their own proposals for renewing the MFA.

According to informed sources here only two of the 24 paragraphs of the conclusions are from the developing countries' draft. The negotiations, especially in their closing stages, consisted largely of an attempt by developing countries to hold the fort—as represented by the MFA as concluded in 1973. They had little time or energy to put across their own demands.

If the developing countries nevertheless were reasonably successful, despite the imbalance in the negotiating strength of the two sides, it was partly because they were able to maintain a united front. The industrialised countries had to compromise, or face the possibility that there would be no MFA—or even no bilateral agreements after 1981. And the GATT safeguard clause, Article 19, most developed countries are agreed, is no substitute for the MFA.

But during the bilateral negotiations the developing countries will be on their own. The *ASEAN* countries, for example, have already indicated they prefer agreements with the EEC to confrontation. The latter can be expected to offer more favourable terms—somewhat higher growth rates, more flexibility, fewer quotas, higher threshold rates for the basket exit mechanism—to the smaller suppliers and cotton producing countries (essentially India, Pakistan and Egypt for the EEC).

Exporting countries which refuse to conclude bilateral agreements under Article 4 of the MFA could find themselves subjected to restrictions under Article 3 or, if they renounce the MFA entirely, under Article 19. Of course such action must be justified by the importing industrialised country. But before the Textiles Surveillance Body or GATT had ruled in favour of the exporting country (assuming it did so) exports would have been adversely affected. The industrialised countries clearly hope no developing country will jeopardise its exports in this way.

Bombay spot exchange rates of currencies as on 4-1-82

(Currency units per Rs 100)

Country	Currency	Selling T.T.D.D.	Buying T.T.clean
Australia	A. $	9.600	9.840
Austria	A. Schilling	170.90	175.00
Belgium	B. Franc	412.00	422.00
Canada	C. $	12.850	13.125
Denmark	D. Kroner	78.70	80.50
France	Franc	61.25	62.80
Hong Kong	H.K. $	61.25	62.70
Italy	Lira	12,875	13,380
Japan	Yen	2364	2415
Malaysia	M. $	24.30	24.84
Netherlands	Guilder	26.54	27.14
Norway	N. Kroner	62.60	64.00
Singapore	S. $	22.19	22.70
Sweden	S. Kronor	59.55	60.95
Switzerland	S. Franc	19.34	19.78
UK	£	5.7075	5.7490
USA	$	10.905	11.015
West Germany	D M	24.24	24.70

SOURCE: Syndicate Bank, Foreign Exchange Division, Central Office, Bombay 21

BOOKS & IDEAS

Limited success of farmers' agencies

Small Farmers Development Programme

By S. M. Pandey and J. S. Sodhi

Published by Shri Ram Çentre for Industrial Relations and Human Resources, New Delhi; Pages 244; *Price Rs* 70.

This is a study of small farmers development agencies in Budaun, Fatehpur and Rae Bareli districts of Uttar Pradesh. The seriousness of the study is well noted in the very substantial collection of statistical data by the research group themselves rather than seeking the data merely from the Small Farmers Development Agencies. The deep interest in the research work so well done keenly came from the desire to critically investigate the functioning of the agencies in different socio-economic settings. The executive director of the research institution has recorded in the foreword that "although the majority of the participants reported substantial increases in the income due to the assistance, the gains were not commensurate with their expectations in many cases." The whole approach of the study is based on a clear appreciation of the system for development of small farmers and hence the felt duty to try to indicate what improvements can be brought about completely in alliance with the objectives. It is good to note that the Institute's earlier research studies of the Marginal Farmers and Agricultural Labourers Development Agencies in Mathura and Delhi were appreciated by the policy makers. The study under review here can also receive similar welcome appreciation from the policy authorities concerned.

It is legitimate to record that the SFDAs "have no scope for effecting fundamental changes in the land-holding pattern or tenurial conditions which determine the rural power structure". Nor can it be overlooked that "the commitment on the part of the project staff, which is crucial for the success of the scheme, may not be easily forthcoming in many cases." One would only add that in India it may really not be possible to get sufficient number of project staff to ensure good enough success on the entire scale of the scheme. The seriousness of purpose of the proper implementation of the scheme can be understood from "the essential concept of the SFDA scheme that small farm households can be relieved of poverty if only the productive assets could be made available to them, along with the necessary infrastructural facilities." The authors aptly comment that "in a situation as diverse and complex as in India, a large number of systematically planned microstudies are still needed to properly understand all these aspects and come to relevant policy conclusions."

A very important finding of the research study is that the time gap between getting information about the SFDA and applying assistance has been rather little in one of the places under study. The high time gap elsewhere indicated, as rightly stated, possibly absence of enthusiasm or apprehension about not getting the assistance. Many important factually correct observations are made in the book under review and they need special noting by the authorities concerned even for the very correct objective of improving the proper implemention of the offered assistance.

For instance, in Rae Bareli and Budaun some farmers were not paid the insurance money in the case of the death of the insured cattle, buying of which was enabled by credit. It is noted that "according to the officials the procedural drawback inhibited the payment of the insurance money". The consequent developments including non-seeking of debts for purchase of cattle or non-payment of insurance charges are noted. Therefore the debt giving agency itself has to well advocate the debt takers.

Another very important noting is that the financial position of cooperative societies was bad and therefore such societies wanted full payment of the salary of the secretary, through SFDA funds throughout rather than for only a few years.

In any case, the loan limit has to be raised up to the actual cost of the equipment at the time of purchase. Also in the case of loans by land mortgage banks, the insistence on the determination of the loan on the basis of the land revenue paid virtually makes the purchase impossible; and the role of the agency officials is no more than recommendatory. This is deep matter and calls for better understanding by the land mortgage banks at the higher authorities.

It is well noted that the agency has a very important role to play by way of enabling active cooperation and coordination between various departments and agencies connected with its functioning.

The book is particularly most useful to be studied by all the officials of SFDA because of the fact that the basic foundation of the research study is just factual. It is also worthwhile to record the final finding of the research study as quoted below :

"A fresh IAS officer, who might treat his posting as the project officer of the SFDA more as an obligation to pass time there than really involve himself with the work wholeheartedly, may end up demotivating additional and assistant project officials who are more experienced and probably more knowledgeable but who do not seem to appreciate the imposition of a raw IAS officer who tries to boss over them. Therefore, the posting of the project officers, particularly if they are from the IAS cadre as mentioned above, must not be of a short term and temporary nature. They must be required to spend atleast 3 years at one agency." The seriousness of the research done and the sincerity of feelings which prompted the study must be well appreciated by the authorities concerned.

T. V. Jayaraman

Maze of licensing laws

A Guide to Industrial Licensing in India

Edited By V. P. Arya

Iyengar Consultancy Services, Post Box 2817, *New Delhi*, 1981; *Pages* 346; *Price Rs* 90.

The first 199 pages of this book cover the history and development of licensing laws and practices in this country with a discussion of the legal provisions and aspects of the various administrative measures adopted from time to time. Even a cursory glance at the plethora of legal provisions is enough to overwhelm a person. The entire process is centralised in New Delhi. No person or authority other than the Central Government can establish a new industrial undertaking listed in the First Schedule to the Industries Development and Regulation Act except under a licence issued by the Central Government. Even state governments also cannot set up an industrial undertaking without such a licence. Since 1964 the Government of India has been issuing "letters of intent" which find no mention in the Act or the Rules made thereunder. Despite the statutory inadequacy the "letter of intent" has come to play a very dominant role in the administration of control on industrial development by the Central Government. The craze among the officials in New Delhi to be on as many nmittees as possible is nowhere more ringly illustrated than in the existence as many as three committees for the ne purpose (licensing) with identical mbership and the same chairman. ese committees are (a) the Licensing mmittee, (b) the Licensing-cum-MRTP mmittee and (c) Project Approval ard. This anomaly of having three mmittees with identical membership for e same purpose has not been done away ith even after it was pointed out by the dustrialists Committee headed by Mr . P. Nanda a few years back. A fourth ommittee of Foreign Investment Board IB) has also virtually the same membership as the three other committees but ith a different official as chairman. The reater bulk of the volume (from page 21 to page 346) is taken up by the text f various Acts, Rules and Government f India press notes. The arrangement eaves much to be desired. For example, t is not clear why all the articles reserved for production in the small scale ector could not be listed in one place.

Third World loss of medical skills

AN article in *Ceres*, published by FAO says that the intimate cause-effect relationship between essential agricultural productivity and medical care in the poorest regions of the world is beginning to be recognised by development planners everywhere. Yet only a quarter of the world's physicians work in the developing regions where two-thirds of humanity live. Among the other three-quarters in the industrially advanced countries are large numbers of migrants, often trained at the expense of the poor nations.

Thus, it is perhaps not surprising that an argument is being mounted to have developing countries compensated for their losses in the "brain drain".

"The skilled fellow who comes from our country belongs to us" declared Surendra Patel of India, director of the United Nations' Conference on Trade and Development (UNCTAD), at a recent meeting in Vienna concerned with the world's imbalance of professional personnel. "From his childhood, we clothed him, we fed him, we invested in him. If some country takes him away, we should get an equivalent financial compensation."

He calculates that the "brain drain" of all professionals cost the poor countries about $6 billion during the past decade, estimated on the basis of an annual exodus of 50,000 skilled workers. *UNCTAD* is considering the establishment of a special fund through which the recipients can help the poor countries to offset the loss of their native talent.

The case for financial compensation has been strengthened by the publication of a study by the UN's World Health Organisation (WHO) in Geneva, showing that 85 per cent of the global total of migrant doctors practise in just five countries: Australia, Canada, the United Kingdom, the United States and West Germany. In Britain, a quarter of all practising physicians are foreign graduates, mainly from the Commonwealth. In Canada, one in three doctors is a foreigner.

The study shows that African doctors tend to favour Europe and Canada while Latin Americans head for North America. Asians, a large proportion of the migrant doctor population, seek work in all the rich countries prepared to receive them. A new development is the emergence of oil-rich North Africa and the Middle East as major importers of medical and other skills.

But the WHO study gives ammunition to both sides in the UNCTAD exchange. It argues pointedly that many of the migrant physicians "would, most probably, not have found suitable employment (at home) and might have even become a charge on the economy".

One important factor in the migration of physicians is that the medical curricula in the developing countries are still largely based on the standards and expectations of the Western world. Another is, as the study put it, "the fact that the money spent on the education of these emigrant physicians would have been better spent on other and more appropriate forms of health personnel and health care."

BOOKS RECEIVED

Economics of Shipping and Other Papers, by Dr S. N. Sanklecha, published by Bhandarkar Publications, D-46, Jyoti Sadan, Sitladevi Temple Road, Mahim, Bombay 400 016, Pages 459, Price Rs 70.

Employment Study of the Grain Milling & Vegetable Oil Industry, Volume 1, Small Sector by Q.U. Khan and R. G. Varshney, published by Institute of Applied Manpower Research, Indraprastha Estate, Ring Road, New Delhi 110 002, Price Rs 52, Pages 134.

NOTICE

It is hereby notified for the information of the public that CIBA-GEIGY of India Limited, 14, J. Tata Road, Bombay-400 020 proposes to give to the Central Government in the Department of Company Affairs, New Delhi, a notice under Sub-section (I) of Section 21 of the Monopolies and Restrictive Trade Practices Act. 1969 for substantial expansion of its activities. Brief particulars of the proposal are as under :

(i) **Name(s) of person(s)/body corporate owning the undertaking :**
CIBA-GEIGY of India Limited.

(ii) **Capital structure of the applicant undertaking :**
The authorised and paid-up capital of the Company as on 31-12-1980 is Rs. 138,937,500 divided into 1,389,375 equity shares of Rs. 100/- each.

(iii) **Details of the proposed substantial expansion :**
(a) **Names of new goods to be produced, supplied, controlled or distributed or of new services to be rendered :**
Manufacture of Ancletol and formulations based on Ancletol.
(b) **In the case of substantial expansion of existing activities :**
(i) **Name of goods :**
The Company is currently manufacturing pesticides at its Goa plant where it is now proposed to undertake the manufacture of Ancletol and formulations based on Ancletol.
(ii) **Capacity before expansion :**
Nil
(iii) **Expansion proposed :**
Ancletol bulk drug : 12 tonnes per annum
Formulations based on Ancletol bulk drug : Equivalent to 12 tonnes of Ancletol bulk drug per annum
(iv) **Location of the project for substantial expansion :**
At the Company's existing plant site at Santa Monica Corlim, Ilhas, Goa.
(v) **Brief outline of the cost of the project, the scheme and sources of finance :**
The estimated capital investment of Rs. 12.0 mio will be financed from the retained earnings of the Company.

2. Any person interested in the matter, may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

Sd-
M. R. LAL
Secretary

Bombay
23-12-1981

CIBA-GEIGY OF INDIA LIMITED

Excerpts from the speech delivered by Shri Ravi L. Kirloskar, Chairman, Kirloskar Electric Company Ltd., at the 35th Annual General Meeting held on 29th December, 1981.

Working Results—For the year ended 30th June 1981

Highlights	**Rs. in Crores**
Turnover	**71.28 (46.17)***
Profit after providing for depreciation but before investment allowance and Taxation	**9.08 (3.04)***
Provision for taxation	**6.00 (1.85)***
Dividend on Equity	**16% (15%)***

*** Figures in brackets relate to previous year.**

During the year under review, your Company was able to achieve a turnover of Rs. 71.28 crores as against Rs. 46.17 crores in the previous year, an increase of 54.39%. The profit for the year, after meeting all expenses of operation and management and after providing for depreciation, but before investment allowance and taxation amounted to Rs. 9.08 crores as against Rs. 3.04 crores for the previous year. A sum of Rs. 6.00 crores has been provided for taxation.

Your Company was able to achieve an all time record turnover of Rs. 71.28 crores for the year under report. The increase in turnover and profits are due to inflation, change in product mix and control of purchases. The unprecedented increase in Alternator sales was mainly due to the uncertain power availability throughout the country. I hope you will find the Company's performance satisfactory. Your Directors have recommended a dividend of 16% on Equity shares as against 15% of last year.

Diversification

The shareholders will be glad to know that we have received valuable orders from many customers in India for supply of Tube Welders which are already in production in the Mysore Unit in collaboration with Electroheating (London) Limited of U.K. Manufacture of Variable Speed Drive Controls and Systems in collaboration with Thorn Automation Ltd., of U.K. has already started in the Mysore Unit. With these products, the Mysore Unit is being developed into an Electronics Complex.

A new Industrial Licence has been received for manufacture of Industrial Measuring Instruments, in collaboration with Sigma Ltd., of U.K.

Our plans to fully utilize our production capacity in large D.C. Machines are now implemented. During the year we have completed the development of a new series of Mill Duty Motors.

Company's Joint Ventures in Malaysia

Indo-Malaysia Engineering Co. Berhad, the Company's Joint Venture, is now in the tenth year of production. For the year ended 30th June, 1981 the Malaysian Company has achieved a turnover of M$ 9.4 million and the net profit of M$ 0.7 million. A dividend of 10% (previous year 9%) has been declared by the Malaysian Company for the aforesaid year, this being their 7th consecutive dividend.

The new joint venture—Kirloskar (Malaysia) Sdn. Berhad has already commenced its trading activities. Our sales office at Kuala Lumpur has received good orders for supply of Electr Motors for Pumping Sets, Drive for Tin Dredgers and Open Ca Mining operations.

Bonus Issue

Your Directors have carefull considered the requests fc Bonus shares and have recom mended issue of Bonus shares i the ratio of 1:2. Necessary resolu tion has been placed before yo for approval. Application to th Controller of Capital Issues ha since been made. You will be gla to note that this is the 5th Bonu Issue that the Company is making

Additional Capital

You will have noticed from the Directors' Report that you Directors have resolved to issue after the Bonus Issue, an addi tional equity capital of Rs. 95.5 lakhs at a premium of Rs. 7/- pe share to the existing equity share holders of the Company in the ratio of 1:6. The additional equit capital will be utilised for replacement and modernisation o machinery which has been taken up by your Company on a continuing basis. I am sure that the shareholders will extend full co-operation in subscribing to the proposed Rights Issue, as hitherto.

Purchase/Price Preference for Products of Public Enterprises

In my speech last year, I referred to the proposal under the consideration of Government to revive the price preference scheme. This was withdrawn in 1978 on representation made to Government. True to my expectation and apprehension, the Government Departments and Statutory Agencies have now been advised

accord purchase/price prefer-
nce for products of Public Enter-
ises in competition with Private
ector manufactured products.

eedless to say, in the context of
e mixed economy adopted for
e country, any policy of pur-
nase or price preference is dis-
iminatory in nature. By paying
ore, the Government is helping
e inflation to grow. Industries
hether in the public or private
ector, are meant to cater to the
equirements of the country and
ot to any particular segment or
ector. The preference policy will
andicap many units in the pri-
ate sector, undermine healthy
ompetition, encourage ineffi-
iency and lead to higher prices
customers. I therefore, urge
ne Government to treat all in-
ustries on the same footing and
crap the policy of purchase/
rice preference.

onstraints on Growth

our Company wants to expand
s activities. But the existing
ighly centralised system of
dministration and controls are
elaying projects. A project can-
ot be completed in less than 3 to
years time. This involves run-
ing about to various authorities.

my speech last year, I referred
the various approvals which an
dustry has to take from the
entral Government and urged
r the simplification and decen-
alisation of administrative
achinery on zonal basis, so that
e industries in the South need
ot have to go to Delhi for each
nd every approval.

ne position has not changed
nce we last met. Curiously, new
ws are being enacted, adding
the existing load. Many times,
ws are enacted without ensur-
g availability or creating ade-
uate administrative machinery
r implementing the laws. A case
point is the Urban Land (Ceiling
nd Regulation) Act, under which
nds in excess of the ceiling limit
e to be declared to the compe-
nt authority and his approval
as to be obtained for holding
nds in excess of the ceiling limit.

our case, we made our applica-
on to the State Government in
e year 1976, seeking exemp-
on for holding lands in excess of
e ceiling limit, for future use. However, the exemption is still to be received, though more than 5 years have elapsed, despite repeated and persistent efforts on our part to secure the approval. Adequate administrative machinery does not seem to exist to decide cases expeditiously. This hurts industry as land cannot be offered as security for term loans from the Financial Institutions, in the absence of clearance under the above Act. Consequently, disbursement of loans are delayed, hampering the project for which the loan has been sanctioned. Nobody seems to bother about the woes of industry, though they are genuine and can be remedied.

The Financial Institutions which provide the much needed term finance to industry are not in any way different. They add to the plethora of approvals, as approvals of financial institutions are also to be taken even in regard to matters which require approval of the Central Government under the Companies Act. Procedures and documentation seem to take unduly long time than the time required for getting a loan sanctioned, thereby defeating the purpose of the loan.

Multiplicity of approvals delay project implementation, resulting in cost escalation. The procedural requirements are frustrating and dampens the enthusiasm of the industrialists. You will agree with me that there is an urgent need to take a new and an objective look at our laws, to simplify our laws to quicken the pace of our development and scrap those laws which are un-necessary and cannot be implemented. The whole-some principle of management by exception needs to be adopted by Government without delay.

Current Year's Prospects

During the first five months of the current year, the overall production and sales are quite satisfactory. While efforts are under way to maintain the tempo of growth, it may not be possible to achieve the same rate of growth, as last year. There is down-ward trend in incoming orders from textile industry. The sale of pumping sets have slowed down because of an extended monsoon. Electricity Boards have slowed down their purchases presumably for paucity of funds. However, efforts are being made to minimise the rigours of prevailing constraints for achieving a satisfactory performance.

Personnel Development

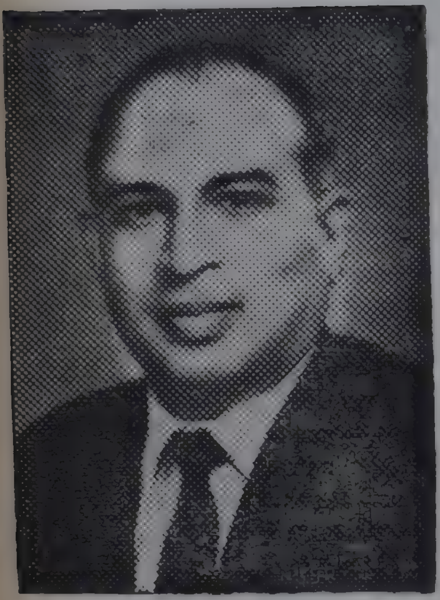
The Company believes in well designed manpower development programmes to meet the growing needs of the Company in the coming decade. During the year, emphasis has been laid on training our personnel at all levels. As a result, I am confident that our young managers are better equipped to meet the challenges of growth in the next decade.

Power Supply Industry

The future of your company lies in a healthy growth of the power supply industry. The slippages in the schedules for commissioning new power stations, the inadequate plant availability of completed power stations due to unsatisfactory operation of plant and equipment, uncertainty of fuel supplies have all been mentioned as causes for the failure of the power supply industry. In view of the importance of this industry, a time has come when the Government should re-examine the desirability of having a single source of supply for the power generation equipment. Pooling of country's capabilities both in public and private sector will help remove some imbalances in the power sector. Similarly the role of BHEL as a single supplier of the total system for the Railways and the Steel Industry needs a second look. The private sector should now be called upon to play a complementary and competitive role to tone up the overall efficiency of our Power Industry, Railways and the Steel Industry.

Note: This does not purport to be a record of the proceedings of the meeting.

DEMPO STEAMSHIPS LIMITED



Shri Vasantrao S. Dempo

SPEECH OF THE CHAIRMAN, SHRI VASANTRAO S. DEMPO AT THE 16TH ANNUAL GENERAL MEETING OF THE COMPANY HELD ON 30TH DECEMBER, 1981 AT DEMPO HOUSE, CAMPAL, PANAJI, GOA.

Ladies and Gentlemen,

I have great pleasure in welcoming you all to the 16th Annual General Meeting of your Company. The Directors' Report and the audited Balance Sheet and the Profit & Loss Account have been with you for some time and with your permission I shall take them as read.

Working results :

Despite the weakness in the freight market witnessed in the 2nd half of the Company's accounting year, our freight and charter hire earnings for the year under review amounted to Rs 22.68 crores against Rs 19.43 crores for the previous year, reflecting an increase of 16.72 per cent. The Gross Profit before providing for Depreciation and Investment Allowance Reserve amounted to Rs 6.80 crores against 6.73 crores in the previous year.

In view of the satisfactory performance, your Directors have been pleased to recommend a dividend of 20 per cent, subject to deduction of tax. I am sure this will be well received by you.

Trading prospects :

There has been a set-back in the freight market in the past couple of months. However, I consider this as a temporary phenomenon. As you are aware, the freight market is dependent upon the demand for shipping space which in turn is dependent on the requirement of transport of bulk commodities such as grains, iron ore, coal, fertilisers, bauxite, aluminium, rock phosphate, cement, newsprint, and other raw materials.

World sea borne trade is estimated to have shown a fall of 3 per cent in 1980 from the 1979 level of 3755 million tonnes. The Organisation for Economic Co-operation and Development (OECD) in its Maritime Transport Report for 1980 released towards the middle of this year had estimated that the total 1981 demand for shipping services will be around the 1980 level in terms of tonnage but slightly below that level in terms of demand for the transport performance since the average trading distance for oil and oil products will continue to decline. Your company's interest and its future expansion programme being linked with Dry Bulk Cargo, I am confining my observations to the trade of bulk cargo prevailing in the world market.

Sea borne grain traffic and the demand for the import of coal and iron ore from the steel producers are the most important factors for our trade. In 1980 the world demand for thermal coal exceeded all expectations and with the increased demand for coking coal as a substitute for oil, the freight market for coal became significant. Despite a temporary setback during the current year in the coal market, total shipments during 1981 are expected to rise to around 190 to 195 million tonnes from the 1979 figure of 172 million tonnes. Demand for coal is expected to increase further in the coming years, with the industrialised countries laying emphasis on decreased oil consumption and its substitution by coal.

The Steel Industry has been facing a recession and shipments of iron ore in 1981 are expected to total around 295-300 million tonnes indicating a fall of 5 per cent from the 1980 level. Opinions continue to vary on the likely growth of the steel industry in the coming years but estimates made have suggested that the trade in iron ore will increase to 390-440 million tonnes by 1985.

The world sea borne trade in grain was expected to show an increase in 1981, even over the record 1980 figure of 185 million tonnes, with USSR again being the largest single importer of grain not only from United States but also from other sources. China is also expected to sustain its imports of 11 million tonnes of grain. In view of the growth in international trade in general and keeping in view the recent trade agreements between India and other countries like Rumania, East Germany, USSR, Indonesia, Japan and West Asian countries in particular, as well as increasing trade prospects with a number of other countries, there is every hope that the freight market for the employment of Indian ships should improve.

However, it may be pointed out that one should not be over-optimistic about a big boom in the freight market, so as to tempt shipowners to become irrational in ordering new ships. Shipbuilding yards all over the world have cut down their capacities and in any case the cost of newly built ships will be much higher due to rising inflation. However, there are reasonably bright prospects of good employment for the existing tonnage as well as the tonnage to be acquired in the coming years and that is why the Board has placed orders for two Bulk Carriers.

The Shipping Industry in our country made a rapid growth from 0.19 million GRT in 1947 to 5.1 million GRT in 1976. Since then it has been stagnating and by July 1981 reached a total of just 5.7 million GRT. The 6th Five Year Plan envisages a target of 7.5 million GRT but the industry itself is doubtful of reaching this target. The Government has accepted the Honavar Committee's target of 10 million GRT by 1990 but the attainment of this target will depend on a positive shipping policy being pursued by the government in which no constraints are put on the growth of the private shipping companies.

Looking ahead at the end of 1981 into 1982, the prospects of the freight market for dry bulk cargo depend on the expectations of a continued high level of demand for grain from USSR and China, the expansion of coal movements as a substitute energy for oil and the additional demand for iron ore by Rumania, USSR, China and Indonesia from India.

The Shipping Industry is passing through a difficult phase but the expert consensus is that a more normal balance between supply and demand would be reached in the next one and a half years.

Economic situation and Government policy :

Our country enjoys the position of the 10th largest industrialised nation in the world. Our exports have been rising rapidly with a rate of growth of 17 per cent in the first six months of the current financial year. Now that the IMF Loan has been sanctioned and with a liberalised policy of imports, we can expect an impressive growth in our country's participation in the growing international trade.

Some of the important economic indicators pertaining to our economy are highlighted as under :—

The Gross National Product has risen in real terms by 7 per cent in 1980-81. Exports have registered an increase of 17 per cent in the first 6 months of the current financial year over the same period of last year.

Foreign exchange reserves stood at Rs 3442 crores in November, 1981. The import bill is expected to be around Rs 11,000 to 12,000 crores per annum and average total exports in a year are to the tune of Rs 6500 to Rs 7000 crores per annum.

Crude oil production in the country is being stepped up and is expected to reach a level of 30 million tonnes by 1985, thereby reducing our dependence on import of oil. The Foreign Exchange so saved is likely to be utilised amongst other things for the import of bulk dry cargo such as fertilisers, grains, etc.

It is heartening to note that Government has approved the recommendation of the high level committee that the debt/equity ratio of 6:1 should be extended up to 31st March, 1983. I would urge that a suitable norm should be laid down and maintained for a fairly long period, so that expansion plans of the shipping industry are not vitiated.

I had mentioned in my speech made to you last year that the norm for the debt/equity ratio should be revised to 10:1 in order to facilitate the expansion plans of the shipping industry. I do hope that Government will consider my suggestion since, in the context of the economic conditions that exist today, the debt/equity ratio that was prescribed at 6:1 a decade ago, certainly needs upward revision.

The prices of vessels are increasing substantially both in the domestic and international markets. In this context if the industry is to expand substantially and to achieve the targets set by Government for the next decade, Government will have to take a realistic view and recognise that expansion of the industry cannot be achieved only by increasing the capital of the shipping companies. It would require finance to be made available by Government by way of soft loans.

You are well aware that the Company has had to go in for Euro Dollar Loans to finance their two vessels as Safauns Loan could not be obtained.

There are very heavy variations in the interest rates that your Company is required to pay on its Euro Dollar Loans, which have reached as high as 20 per cent and the Company is also exposed to financial strains resulting from fluctuating foreign exchange rates.

I would therefore appeal to the Government to come forward to protect the shipowners as much as possible by permitting long term forward covers, giving more freedom for switching the loans from one currency to another, mobilising as large a volume of funds in the international market as possible on the national account and making foreign funds available to Indian Shipping Companies at reasonable rates of interest.

It is my submission that there is no better substitute than the Shipping Development Fund Committee disbursing the Rupee Loans sanctioned in one single instalment or advancing adequate Safauns Loan to meet the foreign exchange needs of shipping companies.

Acquisition proposals should be speedily approved without being subjected to long delays that lead to higher price demands. Shipping companies should be exempted from the MRTP Provisions or some procedure should be devised for quick clearance in this regard of acquisition proposals. The entire procedure for approval of acquisition proposals including sanction of grant of SDFC/Safauns Loan Assistance needs to be streamlined.

As for the expansion programmes of shipping companies, block approvals for ship acquisition including MRTP clearance, should be accorded speedily and an indication given of the extent of availability of loans so that shipping companies can plan their investment outlays in advance. This would augur well for smooth negotiations and orderly acquisition of tonnage as the market offers suitable purchases either new or second-hand at prices most economical to the owners. To facilitate the acquisition of tonnage, the loan policy should be liberalised. A considerate view should be taken of the defaults of shipping companies when these are due to circumstances beyond their control.

Expansion programme :

You will have observed in the Annual Report for the year 1979-80, that two new bulk carriers of 27,000 DWT each were ordered with our National Shipyard—Hindustan Shipyard Ltd., Vishakapatnam. These vessels were to be financed by the Shipping Development Fund Committee based on the then indicated price Rs 12.50 crores per vessel. The SDFC had approved Soft Loans amounting to Rs 11.88 crores per vessel at an interest rate of 4.5 per cent. Now that the Government has fixed the price of these vessels at Rs 18.18 crores each, we had therefore, to obtain approval of the SDFC to increase the loan, amounting to a total of Rs 17.27 crores per vessel and our request for the total additional loan of Rs 10.78 crores has now been approved by the SDFC.

However, the SDFC have laid down the condition that the Supplementary Loan would bear a higher interest rate of 6.75 per cent as against the interest rate of 4.5 per cent on the original loan. We are making a representation to the Government authorities that this Supplementary Loan should also bear the original rate of interest of 4.5 per cent as is applicable to the original loan. We hope our efforts in this direction will prove fruitful.

In the light of Government's desire that Indian tonnage should increase at a faster pace to achieve the target of 10 million GRT, by the end of the decade, it would be equitable that the Government authorities make available to shipping companies, finance at a concessional rate of interest as this would help to build up Indian tonnage quickly, so that a greater percentage of India's trade with other countries is carried on ships bearing the Indian Flag.

We have been closely observing the shipping market with a view to expanding our fleet in the near future by acquiring either new or second-hand ships, and as soon as favourable conditions prevail, it will be our endeavour to expand our tonnage to 500,000 DWT in line with my statement last year.

Acknowledgements :

I take this opportunity of thanking the shareholders on behalf of the Board, for the confidence they have reposed in the Management and hope that we will continue to get their support in full measure.

I am also thankful to my colleagues on the Board for the whole-hearted support and valuable guidance they have given to me from time to time.

I take this opportunity to express my sincere thanks for the support and assistance extended to the Company by the Officers of various Government Departments. I also wish to place on record the assistance and co-operation given by Agents, Brokers, Suppliers, Hull Underwriters and P & I Club from time to time.

Last but not the least, I would like to express my sincere appreciation to the Officers and Staff of the Company, both on shore and afloat, for their hard and devoted work.

I wish you all a very Happy and Prosperous New Year.

VASANTRAO. S. DEMPO
CHAIRMAN

[N.B. This does not purport to be a record of the proceedings of the Annual General Meeting.]

Registered Office :

DEMPO STEAMSHIPS LIMITED

Dempo House, Campal, Panaji, Goa.

CORPORATE SECTOR

In the market

Arihant Steel & Alloys

Arihant Steel & Alloys Ltd, Muzaffarnagar, is offering for public subscription at par 3 lakh equity shares of Rs 10 each totalling Rs 30 lakhs. The subscription list will open on January 11. The company, which is engaged in the manufacture of MS billets, has undertaken expansion and modernisation programme at a cost of Rs 50 lakhs.

Shreyans Paper

Shreyans Paper Mills Ltd, Ludhiana, is offering for public subscription at par 7.80 lakh equity shares of Rs 10 each totalling Rs 78 lakhs. The subscription list will open on January 11. The company is setting up a plant for the manufacture of 10,000 tonnes per annum of paper at Malakpur, Sangrur district, in Punjab. The plant is expected to be commissioned by the first quarter of 1982.

Other developments

Andhra Cements: Expansion is the keyword

Andhra Cements Ltd, whose expansion programme is now in an advanced stage of implementation and is expected to be completed by June 1983, will soon be raising Rs 5.50 crores from the capital market to meet part of the cost of the expansion programme. Of the proposed issue, Rs 2.75 crores will be by way of rights shares to existing shareholders in the ratio of 3:1. The rights issue will be followed by a public issue of equity shares of the same value. Addressing newsmen in Bombay recently, the company's finance director, Mr V. Balkrishnan said that on completion of the expansion programme, the company's installed capacity will go up to 7·4 lakh tonnes from the current 4.9 lakh tonnes. In fact, expansion was the keyword that the company had consistently followed. It began with 100 tonnes per day capacity plant at Vijaywada in 1940 and expanded the same to annual capacity of 2.40 lakh tonnes by 1970. By October 1979 another complex at Visakhapatnam with annual capacity of 2.5 lakh tonnes of cement came up, raising the company's cement making capacity to 4·9 lakh tonnes. Current expansion is taking place at Nadikude to produce 4 lakh tonnes of clinker and 2.5 lakh tonnes of cement. Mr Balkrishnan said that by 1986-87 the company's cement making capacity would go up to 12.4 lakh tonnes—adding one million tonnes capacity in six years alone.

The company has grown from strength to strength. Sales have gone up from Rs 5.71 crores in 1976-77 (April-March) to Rs 13.54 crores in 1980-81, while gross profit has risen from Rs 22 lakhs to Rs 1.24 crores. In the first seven months of 1981-82 sales have amounted to Rs 8 crores and gross profit to Rs 50.61 lakhs. The company is confident of improving its performance in the rest of the year and maintaining the dividend on the increased capital.

STI's joint venture in Singapore

Steel Tubes of India Ltd (STI) is setting up a joint venture in Singapore for the manufacture of precision steel tubes, boiler tubes, *etc.* Tokyo Boeki Ltd of Japan will be the foreign collaborator. The total cost of the project is estimated at $14.25 million. STI and Tokyo Boeki will participate in the equity capital of $4.5 million in proportion of 45 per cent each and the remaining 10 per cent will be contributed by the local agents of STI, Eastern Enterprises Pvt Ltd, Singapore. The balance of the project cost of $9.75 million will be met by loan finance.

The technology for the project will be supplied by STI towards which the company will receive technological know-how fee of $0.4 million (Rs 16 lakhs). STI will also be entitled to one per cent of the net sale proceeds for a period of five years commencing from the start of production.

The Government of Singapore has granted "pioneer status" for the first five years by virtue of which the company will be exempted from taxes. Construction work has already commenced and the first phase of the project is expected to be completed by July 1982 and the project will be fully operational by December 1982.

Jay Electric Wire: Sales increase

Sales of Jay Electric Wire Corporation Ltd for the year ended July 1981 increased to Rs 1.78 crores from Rs 1.45 crores in the previous year. The net profit, after providing Rs 13.61 lakhs (Rs 11.34 lakhs) for depreciation, was Rs 25.41 lakhs (Rs 17.22 lakhs). The equity dividend recommended for the year under review is 15 per cent. An amount of Rs 13.28 lakhs (Rs 6.50 lakhs) is transferred to investment allowance reserve and Rs 5.31 lakhs (Rs 4.84 lakhs) to general reserve.

The second phase of expansion to increase the production capacity of tungsten filaments from 60 million numbers to 90 million numbers per annum, tungsten wire from 90 million metres to 120 million metres per annum and molybdenum wire from 15 million metres to 30 million metres per annum is expected to be completed by the middle of 1982.

Chemicals and Fibres maintains

Total turnover of Chemicals and Fibres of India Ltd for the year ended September 1981 increased to Rs 65.61 crores from Rs 43.40 crores in the previous year. The net profit, after providing Rs 1.24 crores (Rs 1.04 crore) for depreciation and Rs 1.18 crores (Rs 10 lakhs) for taxation, amounted to Rs 76 lakhs (Rs 45 lakhs). The equity dividend recommended for the year under review is 10 per cent (same). An amount of Rs 19 lakhs (Rs 34 lakhs) is transferred to investment allowance reserve and Rs 52 lakhs (Rs 28 lakhs) to general reserve. Capacity utilisation during the year under review was 65 per cent (55 per cent).

Forthcoming company meetings

JANUARY 9 TO JANUARY 15

PAPER AND PULP CONVERSIONS LTD, Kasturbhai Mangal Karyalaya, Ganeshkhind Road, Pune-411 005. (January 11, 3 p.m.)

Financial analysis of operations of non-financial companies

Compiled by Commerce Research Bureau

(Rs lakhs)

Name of Company	Kasturi & Sons		Lakme		Pressure Cookers & Appliances		Supreme Industries		Wimco	
Industry Group	Misc Manufacturing		Misc Manufacturing		Misc Manufacturing		Misc Manufacturing		Misc Manufacturing	
Item	Year ended June		Year ended March		Year ended September		Year ended June		Year ended December	
	1980	1981	1980	1981	1979	1980	1980	1981	1979	1980
Liabilities (at the end of the year)										
1. Net worth (i+ii)	158.1	189.4	86.9	109.5	168.5	194.0	161.7	211.0	1,418.0	1,560.1
(i) Paid-up capital (a+b)	59.0	59.0	45.0	45.0	82.0	82.0	40.4	54.7	845.0	845.0
(a) Equity	44.0	44.0	45.0	45.0	82.0	82.0	35.8	50.1	845.0	845.0
(b) Preference	15.0	15.0	—	—	—	—	4.6	4.6	—	—
(ii) Reserves	99.1	130.4	41.9	64.5	86.5	112.0	121.3	156.3	573.0	715.1
2. Borrowings (i+ii)	433 6	506.0	140.2	172.7	122.0	101.5	155.7	227.8	1,153.0	1,655.3
(i) Long-term	195.7	192.5	1.2	0.8	11.1	18.7	45.4	96 1	330.3	490.4
(ii) Short-term	237.9	313.5	139.0	171.9	110.9	82.8	110.3	131.7	823.2	1,164.9
3. Non-current liabilities and provisions	—	—	—	—	2.9	2.9	0.3	—	—	—
4. Current liabilities and provisions	182.4	208.1	187.0	244.9	146.1	203.5	181.8	166.6	782.5	911.3
Assets (at the end of the year)										
5. Gross fixed assets	514.5	559.6	95.0	118.1	159.7	202.5	327.8	418.8	2,353.5	2,915.8
6. Less depreciation	222.1	249.7	37.1	46.3	70.8	86.4	151.3	186.3	996.4	1,129.3
7. Net fixed assets (5—6)	292.4	309.9	57.9	71 8	88.9	116.1	176.5	232.5	1,357.1	1,786 5
8. Current assets (i+ii+iii)	456.7	568.6	352.9	451.7	350.1	384.8	323 0	372.9	1,962.5	2,305.8
(i) Inventories	156.1	192.5	222.2	259.2	174.5	176.5	125.2	126.9	968.2	1,186.7
(ii) Receivables and loans and advances	282.7	365.5	105.1	138.9	155.5	187.3	183.4	230.3	958.6	632.3
(iii) Others	17.9	10.6	25.6	53.6	20.1	21.0	14.4	15.7	335.7	486.8
9. Other assets	25.0	25.0	3.3	3.6	0.5	1.0	—	—	34.4	34.4
Total: Liabilities (1 to 4) or Net assets (7 to 9)	**774.1**	**903.5**	**414.1**	**527.1**	**439.5**	**501.9**	**499.5**	**605.4**	**3,354.0**	**4,126.7**
Value of production and other income										
10. Sales/income net of excise duty, discounts and selling commission	1,356.8	1,616.1	513.6	828.5	724.3	941.7	865.4	1,065.8	3,926.1	4,850.9
11. Increase in stock of finished goods and work in progress	—	—	16.9	9.6	2.0	14.5	—0.1	4.4	50.4	103.2
12. Value of production (10+11)	1,356.8	1,616.1	530.5	838.1	726.3	956.2	865.3	1,070.2	3,976.5	4,954.1
13. Other income	10.6	13.2	39.4	113.6	3.5	4.4	8.6	7.0	37.7	56.7
Expenditure										
14. Materials, stores and other mfg. expenses	803.8	985.5	308.3	533.0	384.2	517.1	642.9	800.2	2,204.9	2,879.6
15. Current repairs	32.2	56.5	1.4	3.8	5.3	8.3	2.5	4.1	57.8	83.3
16. Salaries and wages	194.4	213.8	85.5	138.1	89.0	103.6	44.6	56.4	778.7	840.6
17. Welfare expenses	32.2	36.3	6.9	10.9	7.2	9.2	2.6	3.5	100.9	107.6
18. Managerial remuneration	—	—	—	0.1	—	0.1	0.2	0.2	0.2	0.2
19. Other expenses	173.8	192.5	105.9	135.7	120.9	163.9	50.1	67.7	397.8	498.6
20. Depreciation	31.0	30.6	6.4	10.1	15.0	15.5	28.5	44.2	111.1	145.2
21. Other provisions	—	—	—	—	—	—	—	—	—	—
22. Operating profit (12+13)—(14 to 21)	100.0	114.1	55.5	120.1	108.1	142.9	102.5	100.9	362.8	456.3
23. Interest	58.6	75.5	22.6	30.2	14.3	19.5	20.0	27.9	119.5	220.3
24. Tax provision	—	0.5	19.8	57.7	54.0	74.5	37.2	20.3	77.0	2.9
25. Profit after tax (22—23—24)	41.4	38.1	13.1	32.2	39.8	48.9	45.3	52.7	166.3	233.1
Appropriations										
26. Dividends (i+ii)	10.5	10.5	5.4	5.4	16.4	18.0	8.9	12.3	118.3	126.8
(i) Equity	8.8	8.8	5.4	5.4	16.4	18.0	8.6	12.0	118.3	126.8
(ii) Preference	1.7	1.7	—	—	—	—	0.3	0.3	—	—
27. Profit retained (25—26)	30.9	27.6	7.7	26.8	23.4	30.9	36.4	40.4	48.0	106.3
Total: Value of production and other income (12+13) or Expenses and appropriations (14 to 22)	**1,367.4**	**1,629.3**	**569.9**	**951.7**	**729.8**	**960.6**	**873.9**	**1,077.2**	**4,014.2**	**5,010.8**
Operational indicators (per cent)										
(a) Net worth/total net assets	20.4	21.0	21.0	20.8	38.3	38.7	32.4	34.9	42.3	37.8
(b) Inventories/net sales	11.5	11.9	43.3	31.3	24.1	18.7	14.5	11.9	24.7	24.5
(c) Operating profit/net sales	7.4	7.1	10.8	14.5	14.9	15.2	11.8	9 5	9.2	9.4
(d) Operating profit/total net assets	12.9	12.6	13.4	22.8	24.6	28.5	20.5	16.7	10.8	11.1
(e) Profit after tax/net worth	26.2	20 1	15.1	29.4	23.6	25.2	28.1	25.0	11.7	14.9
(f) Equity earning/equity capital	90.2	82.7	29.1	71.6	48.5	59.6	125.7	104.6	19.7	27.6
(g) Equity dividend	20.0	20.0	12.0	12.0	20.0	22.0	24.0	24.0	14.0	15.0
(h) Equity dividend coverage. (No. of times)	4.5	4 1	2.4	6.0	2.4	2.7	5.2	4.4	1.4	1.8
(i) Paid-up value per equity share (Rs.)	100.00	100.00	100.00	100.00	10.00	10.00	100.00	100.00	10.00	10.00
(j) Market price of an equity share (Rs.)	N Q	N Q	N. Q	N. Q	37.50	22.46	515 00	636.42	14.50	13.50
(k) Gross yield	..	..	..	..	5.3	9.8	4 7	3.8	9.7	11.1
(l) Gross fixed assets formation	31.7	8.8	14.6	24.3	11.1	26.8	14 0	27.8	9.3	23.9
(m) Debt/equity	1.24:1	1.02:1	0.01:1	0.01:1	0.07:1	0.10:1	0.28:1	1 46:1	0.23:1	1.31:1

NOTES: ..Category not applicable ... Amount/Precentage is negligible —Amount is nil N.Q. Not quoted N.A. Not available

The profit figures shown in the above statement have been calculated by making, wherever necessary. additions or deductions of various items so as to show the true profit pertaining to the particular year on a uniform and comparable basis. Similar adjustments are sometimes made in other itemes also. Totals may not add up due to rounding off.

Instead of regrets, may we suggest prevention.

In India every year 20,000 people die and over a lakh more are injured in road accidents. Statistics fail to convey the pain and the ordeal of these accident victims nor do they reveal how each accident affects our economy.

Clients won't wait for a lorry to get repaired. A car out of commission means so much inconvenience. A damaged vehicle can be repaired. What can one do about a leg that has to be cut off? Accidents bring death, incapacity, dependance on charity and invariably loss of business and earning capacity.

The sad part of it all is that most road accidents are preventable. They can be foreseen and their damage potential minimised.

Make Loss Prevention a way of life. At home, on the road, at the factory and office. We, at LPA, are committed to the prevention and minimisation of losses. But we can only offer our help. You must act.

Prevent losses; promote prosperity.

LPA

सुरक्षैव समृद्धये

LOSS PREVENTION ASSOCIATION OF INDIA LTD.

(Sponsored by the General Insurance Industry) Warden House, Sir P.M. Road, Bombay 400 001.

CASLPA-38-2516

Market Gossip

Tinkering with stock exchange rules

THE Government apparently does not want to tighten the stock exchange rules even though it knows that speculation and over-trading are causing damage in the markets. The Bombay Stock Exchange is a glaring example of this and other markets too are not free from speculation. The Government only wants to tinker with the rules of listing agreement between a stock exchange and a company. And this it believes will meet the needs of the situation.

For instance, a communication has gone to the exchanges from the stock exchange division of the Finance Ministry amending clause 19 of the agreement. This clause will now read: "The company will notify the exchange without delay of the date of meeting of its board of directors at which the recommendation or declaration of a dividend or a right or bonus issue or issue of convertible debenture or debenture carrying right to subscribe to equity shares or the passing over of dividend is due to be considered and will recommend or declare all dividends or cash bonuses at least five days before the commencement of the closure of its transfer books or the record date fixed for the purpose."

The government apparently believes that this change in the listing rules will keep the exchanges and through them the investors continuously informed about strikes, lock-outs, closure on account of power cuts and the like (which would affect production) in their concerns, both at the time of occurrence or after the cessation of the events. But it is a fact that some speculators come to know of this in advance or are able to spread rumours about a situation developing which would affect production and are able to carry the day. The government's objective is laudable but it remains to be seen how promptly the companies meet this stipulation and how promptly the investors as a body are informed of the same. Otherwise the speculators will carry on merrily their business.

Clause 16 has also been amended in the light of the modification of Clause 19. Clause 16 will now read: "The company agrees to close its transfer books for the purposes of declaration of dividend or issue of rights or bonus shares or issue of the shares for conversion of debentures or of shares arising out of rights attached to debentures for such purposes."

Attractive special bearer bonds

THE Government is apparently satisfied with the response to the special bearer bonds issued to mop up black money. Reportedly, subscriptions to the bearer bonds totalled Rs 850 crores during 1981. This included Rs 88.66 crores collected upto March 31, 1981 in the last financial year. This means that the collections from the sale of bonds during the current financial year have totalled Rs 761.34 crores. This includes Rs 296·91 crores collected when the bonds were issued in April and when their validity and sale were questioned in the Supreme Court. The Government resumed the sale of bonds in December 1981 after the Supreme Court upheld the validity of the scheme. Apparently, the sales during December are of the order of Rs 464.43 crores. Originally, the sale was to close on December 30, 1981 but the Government has extended the sale by eight working days from January 1 to January 9, 1982. In the eight days it hopes to collect as much as Rs 150 crores which would enable it to cross the target of sale of Rs 800 crores during the financial year 1981-82 since only a gap of Rs 38.68 crores is required to fulfil the budgetary target.

Harsh bank ratios?

ARE the banks finding it difficult to meet the requirements of the cash reserve ratio (CRR) and the statutory liquidity ratio (SLR) which have been raised in recent days? The CRR has been raised from seven per cent to 7.25 per cent from November 27 and to 7.5 per cent from December 25. It is to go up further to 7.75 per cent from January 29 and to eight per cent from February 26. The SLR has been stepped up to 35 per cent from October 30, 1981. Banking circles say that even some large banks are failing to maintain the cash reserve ratio for the past few weeks. The CRR has to be maintained on aggregate deposits and with the deposit growth continuing to be slack and the extra demand on bank funds for the past few weeks for the quarterly advance payment tax as also for year-end requirements of industrial and business clients, there has been large cash outgo which will take some time to return to the banking system. As such banks are being forced to make arrangement for funds from diverse sources. The Reserve Bank of India is rather reluctant to grant special assistance to the banks, which it was extending in the past, to enable them to meet the CRR requirements. Failure to maintain the cash reserve ratio of course carries with it some penalties—banks will not only have to forego the interest on the balances they maintain with the RBI but also have to pay penal interest rates ranging from 11 to 14 per cent.

How commodities moved

By Commerce Research Bureau

(Rs per quintal*)

Commodity/Market		*January 2, 1982*	*A week ago*
Groundnut	((*Rajkot*)	508	471
Rapeseed	(*Kanpur*)	490	493
Sesamum	(*Delhi*)	600	595
Castorseed	(*Kanpur*)	305	304
Linseed	(*Kanpur*)	545	545
Sugar	(*Bombay*)(*a*)	617	572
Cotton	(*Bombay*) (*b*)	4,500	4,350
Jute	(*Calcutta*) (*c*)	240	240
Aluminium	*Bombay*) (*d*)	1,500	1,500
Copper	(*Bombay*) (*e*)	3,310	3,310
Lead	(*Calcutta*) (*f*)	1,250	1,230
Zinc	(*Calcutta*) (*g*)	1,750	1,720
Gold	(*Bombay*) (*b*)	1,720	1,725
Silver	(*Bombay*) (*i*)	2,595	2,560
Caustic soda	(*Bombay*) (*j*)	582	584
Soda ash	(*Bombay* (*k*)	232	234

* In terms of 10 gm for gold, kg. for silver and candy for cotton

(a) C-30, (b) CJ-73, (c) W-5, (d) Scrap (e) Wire bar, (f) Scrap, (g) Hard spelter, (h) Standard, (i) 996, (j) Flakes and (k) Tata.,

Das
Bhogilal Hargovindas Patel

Rajyogi
Industrialist-Philanthrophist

Birth 18.9.1893 **Moksha 16.12.1981**

'As a mere Trustee (Das) of what is reposed in me by my Lord, if my wealth and possessions are utilised to alleviate human suffering, it shall be my greatest Reward.

Mourn not my death, because I have tried to live upto this, my Conscience.'

True to this tradition the family will donate a further sum of Rs. One Crore to Das Foundation for charitable purposes.

Das Pranlal Bhogilal & all members of the family acknowledge with folded hands the tremendous sympathy received in their bereavement & pray to remain worthy of this Goodwill which they consider their greatest asset.

'Das Chambers'
25, Dalal Street, Fort, Bombay.

'Daskot'
Walkeshwar Road, Bombay.

Adroit—5498-A

COMMODITIES

otton spurts

Bombay, January 4

There was a spurt in cotton ices during the last week fol- wing limited buying support om the spinners. The improve- ent ranged from Rs 50 to Rs 00 per candy.

While the Chief Minister of aharashtra is trying his best persuade the Centre for al- wing a higher price for the tate's cotton farmer, but so ar in vain, the Government of amil Nadu is toying with the lea of introducing a similar otton procurement scheme as Maharashtra. The Depart- ent of Agriculture, which xamined the issue, has come p with the proposal that there hould be a state level corpo- ation on the lines of the otton Corporation of India. nother suggestion that has een mooted is that some ar- angement similar to the pro- urement of sugar could be dopted. The State Govern- nent is also exploring the pos- ibilities of having its nominat- d agencies procuring cotton in oncert with the CCI. However, n account of paucity of funds nd lack of infrastructural acilities, it is doubtful whether ny kind of monopoly procure- nent scheme could ever be in- roduced in Tamil Nadu.

Meanwhile, textile industry ircles are hoping that their ecent representations about heir plight to the Union Fin- nce and Commerce Ministers vould expedite some action on he part of the authorities to lleviate their distress. It is xpected that detailed discus- ions would be held with the Governor of the Reserve Bank f India on how best to aug- nent the credit facilities to the ndustry to get over the crisis n the working capital front.

The following has been the trend of prices of some of the leading cotton varieties :

(Rs per candy)

	January 2	December 25
Kalyan	4,000	3,825-3,850
Saurashtra CO2	4,395-4,400	4,150-4,200
Sankar 4	5,200-5,325	5,200-5,300
MP Y1	4,650-4,750	4,600-4,700
MP Varalaxmi	5,000-5,300	5,800-6,300
MCU 5 Guntur	5,200-5,350	5,150-5,250
H4	5,600	5,400-5,500

Groundnut oil up further

Bombay, January 4

Groundnut and its oil advanced further in the oilseeds market during the week on inadequate arrivals from producing centres. Groundnut Karad bold, Saurashtra bold and Saurashtra quality recorded an increase of Rs 14 each at Rs 597, Rs 602 and Rs 602 per 100 kg respectively. Its oil rose further by Rs 3.54 to Rs 140.14 per 10 kg.

On account of improvement in groundnut oil prices, imported oils also showed an uptrend. Palmoleine was up by 58 Paise to Rs 137.38, soyabean by Rs 4.68 to Rs 132.08 and RBD by Rs 2.38 to Rs 115.44 per 10 kg.

Castorseed and its oil looked up on better advice from producing centres. Castor Madras small and Kanpur bold gained Rs 3 each at Rs 316 and Rs 306 per 100 kg. Castor commercial oil edged up by 25 paise to Rs 70 while castor BSS oil drifted by 50 paise to Rs 75 per 10 kg.

Linseed bold was in demand Rs 5 higher at Rs 480 per 100 kg but its oil remained unchanged at Rs 127.92 per 10 kg on lack of offerings.

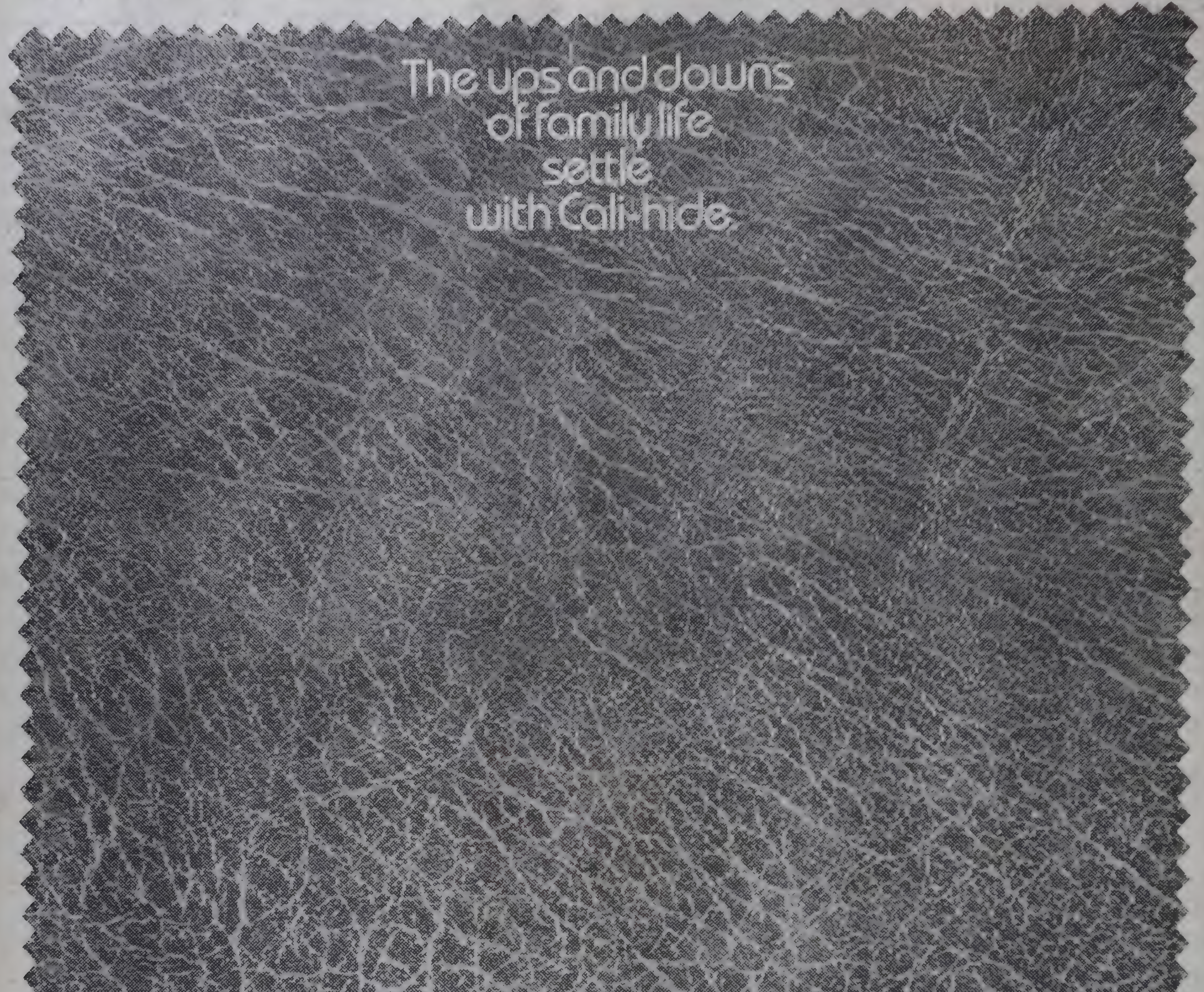
Most of the cakes ruled steady.

MUKAND
IRON & STEEL WORKS LTD.
Regd. Office: Lal Bahadur Shastri Marg,
Kurla, Bombay - 400 070

Issue of 3,50,000
SECURED CONVERTIBLE DEBENTURES
of Rs. 200 each for cash at par.

ISSUE
OPENS
JANUARY 15

MUKAND IS STEEL


The ups and downs
of family life
settle
with Cali-hide.

cali–hide®
Luxury synthetic upholstery.

The widest range of colours, textures and prices.

No other home upholstery so completely matches your style.

Cali-hide from Calico.

calico

Rediffusion/C/1663c

Comparative prices in rupees per quintal of seeds and per 10 kg of oils:—

	2.1.82	27.12.81
G. nut Karad bold	597.00	583.00
G. nut oil	140.14	136.60
Cast. Md. Sm.	316.00	313.00
Cast. oil com.	70.00	69.75
Cast. oil BSS	75.00	75.50
Linseed bold	480.00	475.00
Linseed oil	127.92	127.92

Grains advance

Bombay, January 4

A steady to better trend featured trading in grains in the local market.

In cereals, wheat firmed up on account of good demand from roller flour mills. The inflow was sluggish. The pissi variety was traded Rs 8 higher at Rs 275-350 per quintal and the Sonakalyan variety Rs 11 higher at Rs 215-225 per quintal.

Activity in rice was at a low ebb. The Basmati variety ruled steady at Rs 600-750 per quintal and the Luchai variety at Rs 290-315 per quintal.

In coarse grains, jowar increased by Rs 20 to Rs 170-270 per quintal. Bajra declined by Rs 22 to Rs 160-225 per quintal. Barley and maize ruled steady at Rs 138-140 per quintal and Rs 185-190 per quintal respectively.

Among pulses tur dal firmed up by Rs 13 to Rs 525-600 per quintal. Gram dal was quoted at Rs 408-410 per quintal and masoor dal at Rs 450-460 per quintal showing no change over the preceding week. Moong (chumki) ruled quietly at Rs 365-375 per quintal and urad (moglai) at Rs 250-260 per quintal.

J. K. CHEMICALS LIMITED

NOTICE

It is hereby notified for the information of the public that J. K. CHEMICALS LIMITED proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi, under sub-section (2) of Section 23 of the Monopolies and Restrictive Trade Practices Act, 1969, for approval to its scheme of merger/amalgamation with J. K. HELENE CURTIS LIMITED. Brief particulars of the scheme are as under :

I. Name and address of the applicant undertaking

J. K. CHEMICALS LIMITED
J. K. Building
Narottam Morarjee Marg
Ballard Estate
Bombay 400 038.

II. Management structure of undertaking(s) proposed to be merged/amalgamated

(a) The applicant company, J. K. Chemicals Limited, is managed by the Board of Directors.
The present directors of the company are :

1. Shri Vijaypat Singhania
   Chairman
2. Shri Govind Hari Singhania
3. Shri Y. P. Trivedi
4. Shri J. K. Malhoutra
5. Shri A. S. Kapoor
   Whole-time director

(b) The proposed amalgamating company, J. K. Helene Curtis Limited is also managed by the Board of Directors.
The present directors of the company are :

1. Shri Vijaypat Singhania
   Chairman
2. Smt. Kalpana Singhania
   Whole-time director
3. Shri A. R. Wadia
4. Shri S. Y. Rege

III. Capital structure of the undertaking(s) proposed to be merged/amalgamated

Capital Structure :

(a) J. K. Chemicals Limited :

Autorised :

20,000	6% free of income-tax fixed cumulative preference shares of Rs. 100/- each	Rs. 20,00,000
1,50,000	Ordinary (equity) shares of Rs. 100/- each	Rs. 1,50,00,000
1,30,000	Unclassified shares of Rs. 100/- each	Rs. 1,30,00,000
		Rs. 3,00,00,000

Issued and Subscribed :

20,000	6% free of income tax fixed cumulative preference shares of Rs. 100/- each fully paid	Rs. 20,00,000
60,220	Ordinary (equity) shares of Rs. 100/- each fully paid	Rs. 60,22,000
		Rs. 80,22,000

(b) J. K. Helene Curties Limited :

Authorised :

1,00,000	Equity shares of Rs. 10/- each	Rs. 10,00,000

Issued and Subscribed :

61,250	Equity shares of Rs. 10/- each fully paid	Rs. 6,12,500

The whole of the issued and subscribed capital is held by the applicant company, J. K. Chemicals Limited and its nominees.

IV. Present activities of the undertakings proposed to be merged/amalgamated

Present activities of :

(a) J. K. Chemicals Limited :

Manufacturers of :

1. Sodium hydrosulphite
2. Sodium Sulphoxylate Formaldehyde (Jekolite)
3. Caustic soda
4. Liquid Chlorine
5. Hydrochloric acid
6. Sulphur dioxide
7. Zinc chloride
8. Zinc oxide

(b) J. K. Helene Curtis Limited :
Manufactures of :

Talcum powder, shampoos, lotions, hair-dyes, aerosol products, shaving creams etc.

V. Reasons, in brief, for the proposed merger/amalgamation

Developing new and profitable lines of manufacturing activities, achieving economies of scale and pooling of financial, technical and managerial resources.

VI. Details of the exchange ratio/consideration proposed for shareholders/creditors, etc. of the amalgamated/merged undertaking.

The entire paid-up equity share capital of the proposed amalgamating company is held by the applicant company and its nominees and hence no consideration by way of share exchange is involved in the proposed scheme of amalgamation.

2. Any person, interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this Notice intimating his views on the proposal and indicating the nature of his interests therein.

For J. K. CHEMICALS LIMITED

V. N. PODDAR
(Secretary & Chief Accountant)

Bombay, dated 5th January, 1982

J. K. HELENE CURTIS LIMITED

NOTICE

It is hereby notified for the information of the public that J.K. HELENE CURTIS LIMITED proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi, under sub-section (2) of Section 23 of the Monopolies and Restrictive Trade Practices Act, 1969 for approval to its scheme of merger/amalgamation with J.K. CHEMICALS LIMITED. Brief particulars of the scheme are as under :

I. Name and address of the applicant undertaking :

J. K. HELENE CURTIS LIMITED
J.K. Building
Narottam Morarjee Marg
Ballard Estate
Bombay-400 038.

II. Management structure of undertaking(s) proposed to be merged/amalgamated :

a) The applicant company, J. K. HELENE CURTIS LIMITED is managed by the Board of Directors. The present Directors of the Company are :—

1. Shri Vijaypat Singhania Chairman
2. Smt. Kalpana Singhania Whole-time Director
3. Shri A. R. Wadia
4. Shri S. Y. Rege

b) The proposed amalgamated company, J.K. CHEMICALS LIMITED, is also managed by the Board of Directors. The present Directors of the Company are :

1. Shri Vijaypat Singhania Chairman
2. Shri Govind Hari Singhania
3. Shri Y. P. Trivedi
4. Shri J. K. Malhoutra
5. Shri A. S. Kapoor Whole-time Director

III. Capital structure of the undertaking(s) proposed to be merged/amalgamated.

Capital Structure :

a) J.K. Helene Curtis Limited :

Authorised :

1,00,000	— Equity Shares of Rs. 10/- each	Rs. 10,00,000

Issued and Subscribed :

61,250	— Equity Shares of Rs. 10/- each fully paid	Rs. 6,12,500

The whole of the issued and subscribed capital is held by the proposed amalgated Company, J.K. Chemicals Limited and its nominees.

b) J.K. Chemicals Limited :

Authorised :

20,000	— 6% free of Income-tax fixed cumulative Preference shares of Rs. 100/- each	Rs. 20,00,000
1,50,000	— Ordinary (equity) shares of Rs. 100/- each	Rs. 1,50,00,000
1,30,000	— Unclassified shares of Rs. 100/- each	Rs. 1,30,00,000
		Rs. 3,00,00,000

Issued and Subscribed :

20,000	— 6% free of Income-tax fixed cumulative preference shares of Rs. 100/- each fully paid	Rs. 20,00,000
60,220	— Ordinary (equity) shares of Rs. 100/- each fully paid	Rs. 60,22,000
		Rs. 80,22,000

IV. Present activities of the undertakings proposed to be merged/amalgamated :

a) J.K. Helene Curtis Limited :

Manufacturers of :

Talcum Powder, Shampoos, Lotions, Hair Dyes, Aerosol products. Saving Creams, etc.

b) J.K. Chemicals Limited :

Manufacturers of :

a) Sodium hydrosulphite
b) Sodium Sulphoxylate Formaldehyde (Jekolite)
c) Caustic Soda
d) Liquid chlorine
e) Hydrochloric acid
f) Sulphur dioxide
g) Zinc chloride
h) Zinc oxide

V. Reasons, in brief, for the proposed merger/amalgamation : Developing new and profitable lines of manufacturing activities, achieving economies of scale and pooling of financial, technical and managerial resources.

VI. Details of the exchange ratio/consideration proposed for shareholders/creditors, etc. of the amalgamated/merged undertaking : The entire paid-up equity share capital of the applicant company is held by the proposed amalgamated company and its nominees and hence no consideration by way of share exchange is involved in the proposed scheme of amalgamation.

Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this Notice intimating his views on the proposal and indicating the nature of his interest therein.

For J. K. HELENE CURTIS LIMITED

Bombay
Dated 5th January, 1982

(SMT. KALPANA SINGHANIA)
DIRECTOR

ugar firm

Bombay, January 4

Sugar prices in the local mar-et firmed up following the entre's decision to reduce the ree sale sugar quota by 30,000 onnes. The C-30 grade sugar etched Rs 610-623 per quintal, n increase of Rs 45 per quin-al over the preceding week. Shortage of floating stocks in he city market supported the sentiment. Traders were cautious in offering sugar. The city stocks declined to 1,827 bags as against 2,680 bags in the preceding week. The price of C-30 grade Sugar was lower by Rs 84 per quintal than that on the corresponding date a year ago.

Gold down, silver up

Bombay, January 4

Gold prices declined while those of silver increased in the Bombay bullion market during the past week. Standard mint gold opened at Rs 1,725 per 10 gms and closed lower at Rs 1,720 per 10 gms. Silver (.999 fineness) opened at Rs 2,555 per kg and closed higher at Rs 2,595 per kg.

THE ANDHRA SUGARS LIMITED

NOTICE

FORM 1—A.

It is hereby notified for the information of the Public that M/s. The Andhra Sugars Limited, Venkatarayapuram, Tanuku proposes to give to the Central Government in the Department of Company Affairs, New Delhi, a notice under Sub-Section (1) of Section 21 of the Monopolies and Restrictive Trade Practices Act, 1969, for substantial expansion of its activities. Brief particulars of the proposals are as under :

i) Name of person/body corporate owning the undertaking. :	M/s. The Andhra Sugars Limited, Venkatarayapuram, Tanuku.
ii) Capital structure of the applicant undertaking. :	Authorised Capital : Rs. 5,00,00,000. Issued Capital : Rs. 4,05,14,230. Subscribed and Paid up Capital : Rs. 4,05,14,215.
iii) Details of the proposed substantial expansion. :	
a) Names of new goods to be produced, supplied, controlled or distributed or of new services to be rendered :	Monochlorobenzene.
b) In the case of substantial expansion of existing activities. :	
i) Name of goods. ii) Capacity before expansion. iii) Expansion proposed. iv) Location of the project for substantial expansion. v) Brief outline of the cost of the project, the scheme and sources of finance.	Not applicable.

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, NEW DELHI, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

Dated this 2nd day of January, 1982.

For THE ANDHRA SUGARS LIMITED
(M. HARISCHANDRA PRASAD),
Chairman & Managing Director.

REGISTERED OFFICE :
Venkatarayapuram,
Post Box No. 2,
TANUKU—534 215,
West Godavari Dist., (A.P.).

THE MAFATLAL FINE SPG. & MFG. CO. LTD.

Mafatlal Centre, Nariman Point.
P. B. No. 10037, Bombay - 400 021

NOTICE

It is hereby notified for the information of the public that Navin Fluorine Industries, the Chemicals Division of The Mafatlal Fine Spg. & Mfg. Co. Ltd., proposes to give to the Central Government in the Department of Company Affairs, New Delhi, a notice unde sub-section (1) of Section 21 of the Monopolies and Restrictive Trade Practices Act, 1969 for their approval for the manufacture of a New Article viz. Chlorosulphonic Acid in their existing undertaking. Brief particulars of the proposal are as under :

1. Name(s) of person(s) body corporate owning the undertaking :	Navin Fluorine Industries the Chemicals Division of The Mafatlal Fine Spg. & Mfg. Co. Ltd.—an existing undertaking.	
2. Capital Structure of the applicant undertaking.		
(A) Authorised Capital :	(i) 9,71,000 Shares of Rs. 100 each :	9,71,00,000
	(ii) 14,500—6.43% Cumulative Redeemable First Preference Shares of Rs. 100/- each (Subject to deduction of shareholders tax only) :	14,50,000
	(iii) 14,500—6.43% Cumulative Redeemable Second Preference Shares of Rs. 100/- each (Subject to deduction of shareholders tax only) :	14,50,000
		10,00,00,000
(B) Issued and subscribed :	(i) 6,48,000 Ordinary Shares of Rs. 100/- each	6,48,00,000
	(ii) 14,500—6.43% Cumulative Redeemable First Preference Shares of Rs. 100/- each (Subject to deduction of shareholders tax only) :	14,50,000
	(iii) 14,500—6.43% Cumulative Redeemable Second Preference Shares of Rs. 100/- each (Subject to deduction of shareholders tax only) :	14,50,000
		6,77,00,000
3. Details of the proposed substantial expansion :		
(a) Names of new goods to be produced, supplied, controlled or distributed or of new services to be rendered	Chlorosulphonic Acid—3,000 MT per annum	
(b) In the case of substantial expansion of existing activities :		
(i) Name of goods (ii) Capacity before expansion (iii) Expansion proposed (iv) Location of the project for substantial expansion (v) Brief outline of the cost of the project, the scheme and sources of finance	Not applicable	

Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

For and on behalf of
NAVIN FLUORINE INDUSTRIES
(CHEMICALS DIVISION)
The Mafatlal Fine Spg. & Mfg. Co. Ltd.

N. D. SONDE
Secretary

Bombay :
Dated : 7th January, 1982.

DEPARTMENT OF ATOMIC ENERGY

Directorate of Purchase and Stores

On behalf of the President of India, the Director, Directorate of Purchase and Stores, Department of Atomic Energy, Bombay-400 001 invites tenders as detailed below:—

1. DPS : HWP : MIA : 821 due on 12.2.82
Temperature recorder with 6 points for thermocouple potentiometer measuring. 1 No.

2. DPS : HWP : MIA : 824 due on 12.2.82
Wind. Recording System 3 Cup anemometer, Wind speed translator, Strip Chart recorder and accessories. 2 Nos.

3. DPS : HWP : MIA : 825 due on 15.2.82
Atmospheric Temp. recorder with Platinum resistance thermometer, recording system. Chart & Spares. 1 No.

4. DPS : NAPP : PPED : MIA : 56 due on 15 2.82
Crud Filters for heat transport System. 10 Nos.

5. DPS : NAPP : PPED : MIA : 55 due on 16.2.82
Dry Fabric type pre-filter for Air conditioning & Ventilation System. 12 Nos.

6. DPS : TAPP : MIA : 565 due on 16.2.82
Micro processor based computer system for handling scientific & commercial application 8 bit CPU with 64K byte. 1 No.

7. DPS : BARC : IDS : MIA : 66 due on 17.2.82
Functional Generator frequency 0.1Hz to 1 MHz, ±5% accuracy. 1 No.

8. DPS : PPEFPE : MIA : 245 due on 17.2.82
Dial Platform Scale of 500 Kg Capacity. 1 No.

9. DPS : VEC : MIA : 614 due on 17.2.82
Mass Spectrometer Helium Leak Detector having detectable leak rate 10-11 Std. cc/sec.

10. DPS : PPEFPE : MIA : 246 due on 18.2.82
Potentiostat voltage range ±4000 mv with corrosion cell kit, X-Y Plotter etc. 1 No.

11. DPS : PPEFPE : MIA : 247 due on 18.2.82
Unit for indicating corrosion rate and pitting tendency, Range: 0-1000 mpy. 1 No.

12. DPS : PAPP : MIA : 265 due on 19.2.82
Microprocessor or Trainer with Hardware and Software etc. 1 No.

13. DPS : BARC : MIA : 15799 due on 19.2.82
Horizontal Laminar flow Station. 4 Nos.

14. DPS : BARC : MIA : 15825 due on 20.2.82
X-Y Recorder, Chart size-27.5x42.5 cm. accuracy: ±0.2% 1 No.

15. DPS : BARC : MIA : 15827 due on 20.2.82
Z50 MHz compact counter/Timer. Range-DC to 250 MHz of digit auto ranging. 1 No.

16. DPS : BARC : MIA : 15831 due on 22.2.82
Double Beam Spectrophotometer, wave length range: 190-1000 nm. 1 No.

17. DPS : BARC : MIA : 15832 due on 22.2.82
Single Beam Flame Photometer, wave length 200-900 nm. 1 No.

18. DPS : BARC : MIA : 15856 due on 23.2.82
Current to pressure Converter. Input: 4 to 20mA DC_2 Output: 0.2 to 1 Kg/cm. 4 Nos.

19. DPS : BARC : MIA : 15691 due on 23.2.82
Microcomputer Development Systems based on 16 bits capable upto 32 bits. 1 No.

20. DPS : MHD : MIA : 217 due on 24.2.82
Transductor Controlled, D.C. power supply, voltage 0-150V (D.C.) & current : 0-50 Amp. 1 No.

21. DPS : BARC : MIA 15740 due on 24.2.82
Heat Treatment Furnace Horizontal Muffle Furnace with 900 mm length, Temp. 1100°C. 1 No.

22. DPS : BARC : MIA : 15882 due on 25.2.82
Autoclave, non-agitated type, integral heating arrangement, 6 litres capacity, 2000 psi. 500°C, S.S. 1 No.

23. DPS : BARC : MIA : 15884 due on 25.2.82
Humidity Oven to control 30% relative humidity to 100% to cure different polymer components 1 No.

Tender documents priced Rs. 10 each for item Nos. 1, 3, 4, 7, 8, 10, 11, 12, 14, 15, 17, 18, 21 & 22 Rs. 15 for item No. 19 Rs. 25 each for item Nos.2,13,16,20 & 23 Rs.35 for item No.5 Rs.50 each for item Nos. 6 & 9 and General conditions of contracts priced at Rs. 0-50p can be had from the *Finance and Accounts Officer, Department of Atomic Energy. Directorate of Purchase and Stores, 3rd Floor, Mohatta Building, Palton Road, Bombay-400 001,* between 10 a.m. to 1 p.m. on all working days except on Saturdays. Tenders will be received upto 3 p. m. on the due date shown above and will be opened at 4 p.m. on the same day. The right is reserved to accept or reject lowest or any tenders in part or full without assigning any reasons.

davp 645(387)81

TAX DEDUCTION AT SOURCE IS OBLIGATORY

IF YOU are responsible for paying any

- SALARIES
- INTEREST exceeding Rs. 1,000/- by credit or otherwise (other than Interest on Securities)
- AMOUNT TO A CONTRACTOR OR SUBCONTRACTOR by credit or otherwise where the value of the contract exceeds Rs. 5,000/-.
- WINNINGS exceeding Rs. 1,000/- FROM LOTTERIES OR CROSSWORD PUZZLES OR FROM HORSE RACING in excess of Rs. 2,500/-.
- OTHER SUM TO A NON-RESIDENT (other than Interest on Securities or Dividends).

You are liable :

- ★ to deduct tax at the appropriate rate therefrom.
- ★ deposit the tax deducted to the credit of Government within the time allowed.
- ★ file the appropriate statement with your I.T.O., indicating the deduction made.

Meet your liability well in time
DEFAULT ATTRACTS PENALTY

For futher details and guidance approach your I.T.O. or the P.R.O. in the office of the Commissioner of Income-tax.

For attention of recepients

If you are in receipt of any income from the sources mentioned above and your total income justifies deduction of tax therefrom at a lower or NIL rate, you can approach your, I.T.O. for a certificate showing such lower rate applicable to you and the person paying the income will then deduct tax only at that rate.

PAY TAXES RIGHT-BUILD NATION'S MIGHT

DIRECTOR OF INSPECTION
(Research, Statistics and Public Relations)
INCOME-TAX DEPARTMENT
New Delhi-110 001.

davp 81/227

CORRIGENDUM

Reference our Notice published in this newspaper dated 21-11-81 under sub-secn. 2 of secn. 22 of M.R.T.P. Act, the fourth item of manufacture should be read as

D-2 AMINOBUTANOL

instead of—

DL-2-AMINOBUTANOL

Glaxo Laboratories (India) Limited
J. S. KHAMBATA
(Managing Director)

Registered Office :
Dr. Annie Besant Road,
Bombay 400 025.

Dated this 23rd day of December, 1981.

oney tight

Bombay, January 4

Conditions in the Bombay ort-term money market were ght during the past week. In e inter-bank call money secon, both notified and commeral funds were renewed at 10 er cent. Fresh money was transacted at 10 per cent. The market closed at 10 per cent.

Aggregate deposits cross Rs 43,000-crore mark

Bombay, January 4

With a spurt of Rs 904.33 crores the aggregate deposits of all scheduled commercial banks crossed the Rs 43,000-crore mark to reach Rs 43,432.14 crores during the week ended December 25, 1981. Bank credit expanded by Rs 447.31 crores to Rs 29,080.91 crores. The balances of banks with the Reserve Bank of India (RBI) decreased by Rs 112.50 crores to Rs 4,566.52 crores and their borrowings from the RBI declined by Rs 5.43 crores to Rs 622.48 crores.

BHARAT ALUMINIUM COMPANY LIMITED
(A Govt. of India Undertaking)

No. HO/PP/G-707803 (Imp)/A   Dated : 29 Dec. '81

EXTENSION OF DUE DATE

(Tender Notice No. HO/PP/G-707803 (Imp)/A)

Reference may please be made to Tender Notice No. HO/PP/G-707803 (Imp)/A appeared in this news paper for Import of about 3000-5000 MT Coal Tar Pitch. The closing date for the above tender has been extended upto 18 Jan. 1982 (1500 hours).

Sd/-
DEPUTY GENERAL MANAGER (P&A)

NOTICE

THE GWALIOR RAYON SILK MFG. (WVG.) CO. LTD.

Regd. Office :
Birlagram, Nagda (M.P.)

NOTICE

NOTICE is hereby given that a Separate Class Meeting of the holders of the existing 1,48,275 9.3% 'A' Series Redeemable Cumulative Preference Shares of the Company will be held at the Registered Office of the Company at Birlagram, Nagda on Saturday the 23rd January, 1982 at 4.00 P.M. to transact the business mentioned in the Notice dated 26th December, 1981 separately posted to the aforesaid Shareholders of the Company individually at their registered addresses.

The explanatory statement as required under Section 173 of the Companies Act, 1956 is annexed to the Notice.

NOTE : A member entitled to attend and vote is entitled to appoint proxy to attend and vote instead of himself and the proxy need not be a member.

By Order of the Board
D. N. MAKHARIA
Secretary

30th December, 1981.

Controls and the consumer

Concluded from page 84

gal exports are also of the same magnitude. In other words, over Rs 2,000 crores of unofficial foreign trade take place because of exchange controls.

Two serious consequences of controls are :

1) The levers of economy are progressively passing on into the hands of smugglers and blackmarketeers from those of the Government. In fact, this has happened to such an extent that nominees of smugglers and blackmarketeers are exerting pressure on the administration to dance to their tune while law abiding citizens do not get even their legitimate dues.

The Black Bearer Bonds are an open acknowledgement of the superior strength of the smugglers, blackmarketeers and other black money holders in the 'split economy' which has developed in the country. The bonds are in effect Rs 10,000 denomination currency notes specially created for anti-social elements.

It should be remembered that black money in the ultimate analysis is transfer of hard-earned savings of middle classes and meagre earnings of poor people transferred to the pockets of blackmarketeers, smugglers, corrupt politicians and Government officers. Controls help this process.

2) Controls come in the way of production at every stage. 'Time' is a precious resource which is lost as a result of these delays, and can never be made good. Consumers' time is also wasted in standing in queues.

Authorities talk about removing unnecessary controls or modifying them. Some business men also do the same. This is, however, not possible. All of them have developed vested interests in controls. For politicians, controls are a means of extracting money. For bureaucrats controls give a sense of power over their fellowmen, and are also a source of income. For business men, controls mean restricted markets and less competition, and profits without much exertion. The consumer suffers and the country loses because of controls.

The time has, therefore, come for total abolition of controls. If that is not immediately possible, then there is a case for suspension of all production, distribution and price controls for a period of two years. Such a step will demonstrate miraculous results as in West Germany. Dr Ludwig Erhard as Economic Minister abolished all controls overnight in war-devastated West Germany. It became an economic super power in a few year's time. Hongkong, Singapore, Japan and South Korea have followed a similar policy and prospered. The argument that they are small countries or have other advantages ignores a basic economic fact : Laws of economics are based on human nature which is same all over the world. With some modifications, the same policy is bound to yield the same results in India.

Consumers should insist now that the policy of controls, which have proved disastrous, should be given up.

Beyond-headlines

Controls and the consumer

By M. R. PAI

THERE is a feeling among the public as also the authorities that the role of controls in the Indian economy needs to be reviewed. The appointment of the Dagli Committee on Controls was the culmination of this feeling which had been developing over a period of years.

While the effect of controls on the economy has been discussed in detail from the viewpoint of economic objectives such as use of resources or prevention of concentration of wealth in a few business houses, or from that of administration, or from that of business and industry, no exercise seems to have been done as to the effect of controls on consumers. This is strange as the end of all economic activity is satisfaction of consumer needs.

A discussion of effect of controls on living standards and way of life of consumers should begin by stating a basic distinction between controls and regulations.

All economies of the world, irrespective of the ideological colour of the government of the country, are regulated. These regulations such as good working conditions for labour, safety of products, pollution prevention etc., are inevitable and required in the interests of the community.

Controls are a different kettle of fish. Controls on production, distribution and prices are required in democratic societies only during emergencies like war or famine. For instance, food procurement and rationing are necessary during famine. Otherwise, the poor would not be able to buy food at all and would starve to death. Successful administration of controls depends upon consumer co-operation. For instance, there is much talk about public distribution of essential commodities in India. However, the only state where it seems to be working satisfactorily is Kerala. The main reason is that the highly literate public of Kerala does not allow any abuse or malfunctioning of the system either by shopkeepers or government officers!

Controls started with the Second World War in India. While other democratic countries dismantled them shortly thereafter, India has added to them and made them more detailed and intricate. The centralised comprehensive planning which the country adopted in 1956 from Second Five-Year Plan, is responsible for this.

The effect of these controls on consumers has been disastrous. To cite a few examples:

1) *Price controls*: Maximum retail price is required to be indicated on packaged commodities. A multivitamin tablet strip used to sell for Rs 1.15 at Dadar, Rs 1·25 at Fort and Rs 1.35 in Churchgate areas of Bombay depending on the establishment cost of these chemists. Once MRP came, all shops started selling it at Rs 1.45 which was indicated as the maximum retail price.

2) *Distribution and price control*: Cement is a classic example of how controls hurt consumers. Today, the consumer has to pay anywhere between Rs 50 to Rs 150 for a bag of cement whose controlled price is hardly Rs 30. The difference between the two goes into the pocket of corrupt politicians, corrupt government officers and corrupt traders. Had there been no control, the higher price would have gone into the books of the manufacturers. Of this, about 60 per cent would have gone to the government by way of taxes. With increased price realisation, the manufacturers would have expanded production, and eventually prices would have come down.

The basic economic truth is—the only answer to shortages is not controls but greater production.

3) *Reward for savings*: At present a bank depositor can get only 10 per cent on his savings placed as a fixed deposit in a bank. He has to deny himself the use of these funds for a minimum of three years. The LIC and the UTI get 10 per cent for a day's deposit by operating unethically in the inter-bank call money market. Under the present interest structure, the cost of money is much higher than 10 per cent, and hence progressively it is flowing into the parallel economy from the legal economy.

If controls were removed, the banks may have to pay 25 or 30 per cent on deposits. Savings would jump up and flow into organised sectors like banking. In Turkey, where interest rates went up to 40/45 per cent, speculation in land and property disappeared as a consequence. South Korea had also allowed higher return on savings, and this is partly responsible for its economic miracle.

Funds to industries would become costlier, but then banks would be compelled to cut down their costs and industries forced to use funds more economically.

4) The most vicious form of control is *foreign exchange control.* The shortage of foreign exchange is a myth. There is plenty of foreign exchange but it is not available at the artificial price of rupee *vis-a-vis* other currencies which Reserve Bank of India has fixed. The rupee should not only be floated but made freely convertible into other currencies. Of course, necessary safeguards are required to see that people do not squander foreign exchange on frivolous luxuries.

With present exchange controls compensatory payments outside RBI control and a flourishing black market in foreign exchange as also smuggling have become rampant. The order of smuggled goods was about Rs 1,000 crores in 1980, on the basis of a fairly accurate calculation. The seizures of contraband was about Rs 53 crores in 1980. There is an unofficial insurance for smuggled goods. On the estimated 5 per cent risk element in this premium, the total value of smuggled good is 20 times, i.e., a little over Rs 1,000 crores. Consequently, ille-

Continued on page 8

Mr Pai is secretary of Forum for Free Enterprise.

COMMERCE

. 144 JANUARY 23, 1982 No. 3685

EDITOR: VADILAL DAGLI

ASSOCIATE EDITORS: D. B. MAHATME
SUBHASH CHANDRA SARKER

CONTENTS

COMMENTS

litorials

New 20-point programme 127
Anti-people bandh 128
Science and society 128

COLUMNS

litor's notebook (Vadilal Dagli) 131
. I see it : How to know what plans achieve ? (Subhash Chandra Sarker) 161
oney : How to collect trade creditors (S.G. Shah) 162
yond headlines : New initiatives in South Asia cooperation (W.A. Wiswa Warnapala) 180

COVER STORY

ew 20-point programme (Commerce Research Bureau) 132

SPECIAL ARTICLE

ne rural bank for one district (M.G. Shah) 143

SPECIAL REPORTS

ehind the cabinet reshuffle ; The new Union Ministry : New Chief Minister of Assam; Maharashtra's new Chief Minister ; Bandh that was not there ; Key role for cloth trade ; Small scale sector : List of reserved items curtailed ; Opportunities in international banking; Industrialising Orissa 154

FEATURES

extile industry 1982 (A 52-page survey)

eople ; The week 126
l-advised textile strike (Special Correspondent) 129
etter from New Delhi : Railways : Sixth Plan targets in doubt (Arvind Bhandari) 130
ndo-EEC Joint Commission :
  Hurdles in capital flow to India (Arvind Bhandari) 146
  Cooperation of business and industry sought (Malcolm Subhan) 147
ooks & Ideas : Area Planning and Rural Development (Raghu); Economic Relations with Developing World (H. C. Upadhyay) 150
etters : Pig iron crisis 149

COMPANIES, STOCKS & COMMODITIES

orporate sector 168
  In the market : Sundram Fasteners; Madhya Pradesh United Polypropylene; ABC Products; Madras Shoe Fabrik; Tuticorin Alkali Chemicals 168
  Forthcoming company meetings 169
  Financial analysis of operations of non-financial companies 170
Equities : Abrupt retreat 171
Market gossip : Uncertain share markets ; Bank overtime ; Glittering diamonds; Easy pepper 173
Commodities 175

STATISTICS

Indian economy : Basic indicators (Commerce Research Bureau) 163

Commerce Publications Ltd, Manek Mahal, 90 Veer Nariman Road, Bombay 400 020. Telephone : 253505, 253562, 253392.

Subscription rates : Inland—Yearly Rs 200 (Students and teachers Rs 115), Half-yearly Rs 115.

Foreign Airmail—Asia and Africa (including South-East Asian and West Asian countries) £ 37, Japan Yen 21,418, UK and Europe £ 46, USSR Rouble 71, United States US $ 117.

Earn up to 14% p.a.

Lombard Fixed Time Deposits

1	Year Fixed Period	14%p.a.
2	”	13%p.a.
3	”	13%p.a.
4&5	”	12%p.a.

Minimum deposit £1,000 Interest paid annually.
The rates quoted are correct at time of going to press.

These are some of the benefits of a Fixed Time Deposit with Lombard:-

✻ Your funds will earn a good rate of interest which is fixed for the period of deposit.
✻ All interest is paid without deduction of tax at source.
✻ Your account is confidential.
✻ As Exchange Control does not exist in the United Kingdom your funds can be repaid anywhere in the world in Sterling or in any other currency.
✻ We are part of one of the largest banking groups in the world.

Other rates are available for 1-5 years with interest paid monthly, quarterly or half-yearly and for deposits at 3 months and 6 months notice of withdrawal.
For further details of our deposit facilities and current rates, simply post the coupon today.

Lombard North Central
Deposit Accounts

To:
LOMBARD NORTH CENTRAL LIMITED,
DEPT. 91, 17 BRUTON STREET,
LONDON W1A 3DH, ENGLAND.
Telephone: 409 3434.

NAME
(BLOCK CAPITALS PLEASE)
ADDRESS

"Dept. 91"

A member of the National Westminster Bank Group
whose capital and reserves exceed £1,800,000,000.

LOMBARD DEPOSIT ACCOUNTS
LOMBARD DEPOSIT ACCOUNTS
LOMBARD DEPOSIT ACCOUNTS
LOMBARD DEPOSIT ACCOUNTS
LOMBARD
Lombard North Central

PEOPLE

Khandelwal

Mr A. K. Khandelwal has been appointed regional chairman of the newly constituted western region unit of the Federation of Engineering Industries of India. Mr Khandelwal is the chairman and managing director of Khandelwal Manufacturing Corporation Private Ltd. The regional office is located in his office at Khandelwal Estate, Bhandup, Bombay 400 078.

Gami

Mr D. C. Gami, managing director of Gujarat State Fertilisers Co Ltd, has been elected chairman of the Fertiliser Association of India, New Delhi. A science graduate from the Bombay University, Mr Gami secured a master's degree in chemical engineering from Michigan University in 1951. During his stay in America he published a couple of research papers on gas technology. He joined Atomic Energy Establishment in 1954 and moved over to GSFC in 1964.

Venkitaramanan

Mr S. Venkitaramanan, who has been elected vice-chairman of the Fertiliser Association of India, is the vice-chairman and president of the Southern Petrochemical Industries Corporation Ltd, Madras. Belonging to the IAS cadre, Mr Venkitaramanan worked in various positions with the Tamil Nadu state government and Central government and later with the World Bank before he joined SPIC in 1977.

Mr K. L. Goel, finance director of Indian Oil Corporation Ltd, has been appointed director-in-charge of the newly set up Assam oil division of the corporation.

Mr Rajesh Bahadur, 49, has been appointed personnel director of Hindustan Lever Ltd.

Bahadur

Tagore

Mr M. Rabindranath Tagore, who has been elected chairman of the Hyderabad branch of the Institute of Chartered Accountants of India for the third consecutive term, is a commerce graduate from Madras University. He became a fellow of the institute in 1954 and later obtained bachelor's degree in law from Osmania University in 1957. He started out by setting up his own auditing firm and later established a few industrial units.

THE WEEK

The World Bank President, Mr A. W. Claus arrived in New Delhi on January 18, along with t bank's vice-president, Mrs Hamilton. The bank tea held discussions with the ministers of agricultu irrigation, energy, industry and the chairman of t Administrative Economic Reforms Commission, M L. K. Jha. Mr Clausen met the Prime Minister a Finance Minister.

There have been only two bidders for the Oil a Natural Gas Commission's global tender for an ear production system for the Palk Strait oilfield — t US company, IMODCO and SBM, incorporated Bolland.

★

A 100 per cent export oriented project for t manufacture of industrial jewels for watches and instr ments in financial collaboration with a Swiss firm, ne Srinagar, will go into production in another fi months.

★

A two day meeting of the Indo-EEC Joint Com mission was held in Delhi on January 22 and 23. Th European Commission's Senior Vice-President, M Willhelm Haferkamp participated in the discussions.

★

The three-week old Kerala Government is reporte to have asked the RBI credit department for a gra of Rs 20 crores for the purchase of rice by the Kera State Civil Supplies Corporation.

★

A wideband microwave communication link be ween India and Sri Lanka is to be commissione shortly.

★

Britain has offered India aid-cum-credit wort Rs 450 crores for setting up a 1,000 mw thermal plan It will give additional assistance of Rs 100 crores, an integrated project for the development of coal mine and a super thermal power station is taken up.

★

A partial decontrol of cement has been suggeste by the Cement Development and Price Review Com mittee headed by Dr A. K. Ghosh, chairman of th Bureau of Industrial Costs and Prices.

★

The Union Government has plans to raise the stee output of the public sector steel plants by over 14 pe cent to 6.5 million tonnes during 1982-83.

★

Wholesale price index

The latest available Wholesale Price Index a 278.5 for the week ended January 2, 1982 showed a rise of 0.5 per cent over the previous week and a 7. per cent rise over the preceding year.

Money stringent

Conditions in the Bombay short term money market was stringent as of Monday (January 18, 1982). I the inter-bank call money section both notified an commercial funds were renewed at ten per cent. Fres money was transacted at ten per cent. The marke closed at ten per cent.

COMMERCE

New 20-point programme

HE announcement of the new 20-point programme by the Prime Minister, Mrs Indira Gandhi on January 14, was s dramatic in its impact than the earlier 20-point programme nounced by her in 1975. For one the country had already n her announce a similar programme six and a half years o and, therefore, the new announcement did not come as a velty as the first announcement had come. Second judging the content, the new 20-point programme does not say mething very much different from the earlier programme. deed it is possible to trace many of the ideas of the new 20-oint programme in the Foreword written by the Prime Minis, Mrs Indira Gandhi to the *Sixth Five Year Plan* which, *ter alia*, reads as follows:

"The Sixth Plan envisages a significant augmentation in e rate of growth of the economy with an annual growth rate over five per cent. In this five-year period we expect to see ogressive reduction in the incidence of poverty and unemoyment and also in regional inequalities. Greater emphasis is been laid on the speedy development of indigenous sources energy and infrastructural sectors of coal, energy, irrigation nd transport. High priority has been given to agriculture and ural development and allied agricultural activities like animal usbandry, dairying, fisheries and also the forestry sector, with ccent on development and conservation. Substantial outlays ave been allotted for expansion in core sectors and also for ottage, village and small industries as well as for programmes provide minimum needs." For that reason, however, it annot be said that the programme is a gimmickery. Indian conomy suffers from capacity underutilisation, too many inustrial and licensing controls and shortage of pulses and oileeds. Any programme which promises to overcome these urdles needs to be supported even by the opposition.

There is no harm in reiterating the Government's intenon to pursue a course of action to boost the economic growth vith a particular orientation to benefit the less privileged. rom this point of view the announcement of the new 20-point programme is to be welcomed. At the same time, if there is ot sufficient follow-up action to implement the programme, here is the danger of a very worthwhile cause suffering from indifference by being too often emphasised — very much in he same way as an urban inhabitant gets used to a very much arger level of noise than a village resident can stand on his first arrival in an urban area. Many of the highly desirable social goals have already suffered from the ultra-radical proclamations without the backing of any will to see them implemented. For example, in 1975 the Prime Minister had talked of implementation of agricultural land ceilings and speedier distribution of surplus land and compilation of land records. How seriously have the various state governments, headed by the Congress (I) Chief Ministers, implemented this programme? On the other hand is it not a fact that this very same programme has been implemented with a much greater social efficacy in West Bengal, where the State Government is run by a party which presents itself as a political opponent of not only the Congress (I), of which Mrs Gandhi is president, but also of the Central Government, which she heads.

In 1975 Mrs Gandhi had talked of implementing an accelerated power programme and the establishment of super thermal stations under Central control. Six and a half years later today not a single super thermal power station is in operation and the country is hungry for power. There are very many types of restrictions on the use of power virtually everywhere in the country. That the failure has a more general cause than the absence of Congress (I) rule at the Centre is given by the fact that during the past financial year the target for setting up additional power generation capacity was not met and this year also there is going to be a big shortfall in the addition to the power generation capacity *vis-a-vis* the target set by the Government itself.

What thus assumes the highest importance is the translation of the declared intentions into realities. On this crucial question the 20-new point programme is silent like the earlier programme. No doubt the Prime Minister stressed the need for everyone exerting to the utmost to build up the country, but the slogan, *Shrama Eva Jayate* (Labour will be victorious) is bound to sound hollow in the context of the growing unemployment forcing an increasingly larger number of able-bodied persons to go without gainful occupation. The relation apparent in crime in many places to the incidence of unemployment needs to be studied. However, even the findings of such a study would remain useless without a programme of full employment.

The tasks outlined by the Prime Minister are undoubtedly national tasks with which no well-meaning person can disagree. This provides an opportunity for the Government to secure the cooperation of the opposition parties to accomplish the objectives set out in the programme. It has been demonstrated that in some areas the opposition parties can implement the programme more effectively—*e.g.* implementation of agricultural land ceilings in West Bengal under the Left Front Government. Thus the challenge before Mrs Gandhi's Government is whether it succeeds in enlisting this cooperation. Unfortunately the confrontation between the Government and the opposition parties that was witnessed over the *bandh* on January 19 does not augur well for the enlistment of such cooperation. It is for the Government to make its *bona fides* clear that it genuinely seeks the cooperation of the opposition parties for the achievement of the twenty points. For Mrs Gandhi was wholly correct in stating that "it is in our hands to maintain the improvement and highten the burdens of our millions".

Incidentally during the current year the national economic growth is likely to slow down in view of the lower growth in agricultural in the wake of an indifferent monsoon. This is not to overlook the improvement in the availability of power and transport facilities by rail and road and the improved performance of a number of industries. On the other hand after quite a few years the country has been obliged to import foodgrains which is going to cost the country a staggering Rs 300 crores in foreign exchange thus exacerbating the balance of payments. The improvement on the agricultural front has not been of t order of being able to compensate for the slowing down the agricultural front so that the national income during t current year is not likely to grow by more than 4-5 per ce compared with about seven per cent last year. Thus it m not be entirely correct to take satisfaction out of any feeli of having done better, although sectorally the performan may have been better.

Anti-people bandh

THE *bandh* on January 19, which became effective only partially, demonstrated the shadow boxing between the opposition parties and the Government, which was put up not with the objective of anything worthwhile but only to impress by each upon the other of one's strength and to seek to draw public attention. The essential correctness of the criticism by the opposition of the Government's performance on the economic front (which calls for much more than announcing this programme or that programme) was undeniable. However, the *bandh* certainly did not provide the answer to that; rather it tended to put the nation on the opposite course of what ought to be followed and thus threatened to accentuate the problems. For the basic malady of the Indian economy is shortage and any action that threatens to disrupt the productive process only exacerbates the difficulties caused by shortage.

The thoughtless action by the opposition parties in calling for an all-India *bandh,* when there was no justification for such a closure, enabled the Government to adopt measures in arresting trade union leaders, who had committed no offence other than belonging to the ranks of the supporters of the *bandh*, facilitating the continuation of the most undesirable practice of arrest of citizens, who had committed no crime and making such arrests appear necessary and just in the interest of the nation. There is little doubt that the executive's penchant to possess more and more of unnecessary authority has been augmented very much by the thoughtless action of the opposition from time to time. The opposition which only recently collapsed as a ruling party should behave in a more responsible manner.

The fact that the *bandh* seemed to have worked with the people—clerks in banks and LIC—who were the least affected by the Essential Services Maintenance Act, National Security Act, and what has been called the "anti-labour polici of the Central Government", ostensibly to protest agai which the *bandh* had been called further underlined the ir levant character of the action. Indeed the poor performan of these people makes them a proper target for the m severe action to be taken against them to induce them ba into a course of productive and disciplined working. That t opposition parties evoke support mostly from such peop exposes the fundamental hollowness of their stand. This by no means to gloss over the genuine grievances of the people or the managerial deficiencies in these organisation which is caused by the interaction of too much of gover mental interference and the defiant indiscipline of the st virtually neutralising any desire for effective functioning.

The insistence on being unreasonable brings in its tra further complications and intervention is sought from quarte which ought not to be involved in such matters at all. T *bandh* is a political action and calls for political remedie Unfortunately the political elements in this country do n seem to have the faith in the working out of the political pr cess. Thus in West Bengal the Congress (I) sought and g the intervention of Calcutta High Court which directed t State Government to keep offices open and run governme buses with police escort and appointed a special officer t oversee the implementation of the court's directive. Fro available reports on the extent of the *bandh* in West Beng it does not appear that the High Court's orders had muc impact on the course of the *bandh* which—notwithstandin the court order—was undoubtedly very much more wid spread in Calcutta and West Bengal than in any other stat If the politicians do not trust the political process and see non-political involvement it may not be long before the would come to rue their own action!

Science and society

THE Prime Minister, Mrs Indira Gandhi, while inaugurating the sixty-ninth annual session of the Indian Science Congress at Mysore on January 3, announced some important decisions of the Government in the field of science. The most spectacular was the announcement of the Government's decision to set up a new biotechnology board to coordinate research in genetic engineering and make agriculture less dependent on fertilisers, pesticides and fuel based on costly oil. She also gave out that a new entrepreneurship development board would be constituted to remedy unemployment and under employment among qualified scientists and technologists and that a consortium of survey organisations would be organ sed to identify the areas of under-exploited development po ential. Biological technology is still at an early stage of deve lopment but it has started yielding results. The Chinese have re portedly developed biological pest control on a very wide scale using relatively simple technologies by raising various insect and parasites on agricultural communes. But of still greate relevance to us—and the Prime Minister referred to the tech nology in this context—is the Chinese success in producin improved rice varieties by using techniques of genetic mani pulations. If we can make an advance in this technology w produce enough of foodgrains for a population which ady numbers 680 million and is still growing. Higher ductivity in foodgrains can be the only answer to our pro- n of feeding the millions in the years to come since no re of land can be earmarked for cultivation of foodgrains. t the biotechnology board will have to work with vigour. ere is a feeling that the Government has not shown that se of urgency in developing alternative sources of energy en after setting up the Additional Energy Sources Commis- n and this could well happen also in the case of biotech- logy board.

Both the Prime Minister and the president of the Indian ience Congress, Dr M. G. K. Menon, stressed the need for eater linkage between science and natural welfare. The ime Minister also expressed her sympathy with the point view, propounded by Dr Menon, in his presidential address the congress, to make basic research the focal point of dian scientific research. This is however, stating the obvi- us, so far as the objective of research is to reduce depen- ence on others and promote national self-reliance. However, tention to basic research should not degenerate into forays fields far from what is required by the nation. In the anskrit classic, *Hitopadesha*, there is a story of a king having vited a scholar to impart wisdom to the princes. The advice at the scholar gave to the king's sons bears mention in this ontext. The scholar pointed to the limitless character of nowledge and compared it with the ocean which has almost oundless water. The task, as he defined, of any seeker of nowledge, was to suck essential knowledge as the swan draws sustenance by separating milk from water. The modern version of this parable would be to define the priorities of scientific research. Since this country has neither the manpower nor the resources to undertake research on all areas of science and technology, it has necessarily to choose the priorities. Indeed, even more prosperous communities, having a much larger fund of scientific talent and resources, have found the need to restrict their choice of the areas of research. It is unrealistic to believe that in India the scientists could at the same time hope to do research on space technology, life in the Antarctica and also on areas to yield knowledge of immediate relevance to the people.

The task is two-fold: To acquire the scientific knowledge and to put it to the use of the community. There is already a fund of existing scientific knowledge in the world, all of which is not yet available in India. It is necessary to make acquaintance with this fund to draw upon it for the benefits that it can yield to the people of this country. For this it is necessary to spread the knowledge of science to as wide a section of the population of the country as it is possible. Moreover, this is to be done in the quickest possible time if the country, backward as it is not only in material aspects but also in the matter of the possession of scientific knowledge and capability, is to catch with the more advanced peoples of the world. When the level of literacy itself is as low as 36 per cent, according to the findings of the 1981 census, the task of taking scientific knowledge to the people is seen in its true stupendousness.

Ill-advised textile strike

By OUR SPECIAL CORRESPONDENT

BOMBAY

THE cotton textile industry in Greater Bombay has come to a halt from January 18 with over two lakh industry workers responding to a strike call given by the fiery labour leader, Dr Datta Samant. Other labour unions in the industry, except the Rashtriya Mill Mazdoor Sangh (RMMS), the officially recognised union, have supported the strike. The major demands that Dr Samant's Maharashtra Girni Kamgar Union has made are wage increases from Rs 300 to Rs 500, abolition of *badli* system of workers, house rent and leave travel allowances, removal of condition of 240 days attendance for other benefits, more leave facilities, medical attentoin to each worker and better working conditions. Bombay has 47 mills in the private sector, 12 units are run by the National Textile Corporation and one by the State Textile Corporation. On their rolls are more than 2,25,000 workers, but generally daily attendance is 1,80,000. At the average daily wage earnings of Rs 37.5, workers thus stand to lose over Rs 68 lakhs. But Dr Datta Samant has promised to make the fight a long one till the workers' demands are met. Observers expect the strike to go on for at least six weeks to two months unless the Government intervenes and tames Dr Samant.

For the industry which is already facing a demand recession with stocks of cloth piling up, the loss will be Rs 2.50 crores a day. Bombay's mills also meet 70 per cent of the exports and the strike can as well disrupt the export effort which, many feel, even otherwise lacks dynamism. The industry argues that, in difficult financial conditions that it is facing today, it is just not possible for the industry to meet Dr Samant's "extravagant" demands which could cast a burden of Rs 115 crores on the industry. A Millowners' Association source said : "To-day if our earnings are of 50 paise our expenditure is of Re 1. We have no alternative but to remain firm." The textile industry points out that the recognised union, the RMMS, had concluded an agreement with the mills which expires only in December 1984. If any demands are conceded before the expiry of the agreement there will be no sanctity left and sheer anarchy would prevail.

Workers of the nine of the sixty mills in Greater Bombay were already on strike from October 20 on the issue of bonus paid to them and two more had joined them in the last week. There were some reports that the workers of the mills which had been on strike for the last three months were getting restless as Dr Samant could not bring any rewards to them. Dr Samant himself was reported to have told these workers, according to some sources, that they had gone on strike first and come to him later and so the decision whether to continue or call off the strike rested with them. If the workers of these nine mills, which include some of the biggest mills in Bombay that had paid a bonus ranging between 11 to 17 per cent, had called off their strike, a general strike in the textile industry could be ruled out. This is probably why Dr Samant called a general strike before he was faced with an unmanageable situation.

LETTER FROM NEW DELHI

Railways: Sixth Plan targets in doub

ARVIND BHANDARI

NEW DELHI

THE railways are the country's life-line, its jugular vein, comprising along with power and coal the core of the infrastructure. Malfunctioning of the railways throws the economy out of gear, as has so often been witnessed in the past. Therefore, a perceptible improvement in the performance of the railways over the last one year can be described as a bright spot in the economic picture as it emerges at the end of 1981.

Performance of the railways is normally judged in terms of their capacity to move goods and materials through the length and breadth of the country. In the year ending 1981 the railways carried a revenue-earning freight traffic of 216.60 million tonnes, registering a 13.5 per cent increase over the tonnage of 191 million tonnes achieved in 1980. In terms of tonne-kilometres, which is the index of total traffic output, the improvement was over 14 per cent, from 143 billion tonne-kilometres in 1980 to 163 billion tonne-kilometres in 1981. The turnaround time, an important index of efficiency, has also improved from 15.5 days in 1980 to 13.5 days in 1981.

Going by the financial year 1981-82, the railway freight haulage is likely to exceed the target of 215 million tonnes by five million tonnes, which would be a record achievement. This has encouraged the railways to tentatively fix the next financial year's freight movement target at 230 million tonnes.

Improvement in coal haulage indicates the close link between different infrastructural arms of the economy. Nearly 32 per cent of the tonnage handled by the railways last year was coal. As against a daily average loading of 8,950 coal wagons in 1980, the railways loaded 10,090 wagons in 1981. The result is that the position of coal stocks at the thermal power stations has improved. And improved power supply has in turn aided railway performance and coal production.

There was also a spurt in passenger traffic during the year just ended. The railways booked 3,665 million passengers in 1981 compared to about 3,460 million in 1980, representing a growth of six per cent. Important superfast trains like the Karnataka-Kerala Express, Rajdhani Express and Andhra Pradesh Express were double-headed and more coaches added to them.

Improved performance, however, does not mean that railway facilities in the country have become adequate; far from it. Inadequacy of railway transportation continues to act as a major bottleneck in the economy, both in regard to freight and passenger traffic. Not only is there a gap between demand and supply at present, in the future railway transportation facilities will have to be considerably expanded to meet the needs of a growing economy.

Movement of goods is generally economical by road for shorter distances up to 300-350 kilometres. Beyond that the cost advantage lies with the railways and has been shifting in their favour because of the increasing price of diesel. The National Transport Policy Committee estimates that in the last 10 years rail and road have shared freight traffic in the ratio of 67:33. This ratio is now likely to shift further in favour of the railways to 72:28, especially when conservation of diesel is an important aspect of transport policy in the Sixth Plan.

According to this anticipated intermodel mix, of the total freight traffic of 650 billion tonne-kilometres estimated at the turn of the century, railways will be expected to carry 468 billion tonne-kilometres and road transport 182 billion tonne-kilometres. In the case of passengers also the cost advantage begins to shift in favour of the railways for longer distances. Total passenger traffic is expected to increase to 1,344 billion passengers-kilometres by 2000 AD of which the rail share would be, 520 billion passenger-kilometres.

It would be better to face up to the reality that the country does not have the resources to expand railways to the extent required by these projections of such phenomenal growth in demand. For the Sixth Plan period of 1980-85 the railways sought Rs 8,525 crores but, because of the competing requirements of other sectors, have received Rs 5,100 crores only. Moreover, most of this investment will go into consolidation rather than expansion. Capital investment in the railways has been neglected for quite some time, with the result that the rolling stock has aged and the tracks are in need of renewal. Therefore, the railways development programme in th Sixth Plan has been called a “rehabilit tion plan” which puts the emphasis c renewal and replacement.

Considering that the resources ava able for deployment in actual expansic in the next few years are limited, an in portant question crops up. Should the limited resources go into expansion o passenger transportation facilities c freight hauling capacity? Quite obv ously, both the sides are crying for e pansion. Overcrowding in passeng trains remains a perpetual lament. Shor age of wagons remains a common con plaint. Since bottlenecks in the mov ment of goods and raw material have cumulative retarding effect on the ec nomy, the planners, in making this dif cult choice have been constrained plump for expansion of the wagon capa city. To this extent congestion rath than comfort would continue to be th hallmark of travel on the Indian Rai ways.

While what has been allocated t the railways in the plan does not matc the need, a further worry is that even th allocation has been eroded in real tern because of a 35 per cent cost escalatic since 1979-80, the year whose price lev forms the base of the plan. In fact, eve the monetary allocation may be marg nally denuded because of the decision a the latest meeting of the Planning Con mission to maintain the investment real terms in both oil and power deve lopment, which have been designated a a super-core. This would mean deflectio of resources from other sectors. Th outlay for railways in the first year of th Sixth Plan was Rs 762 crores. In th current financial year it is Rs 980 crores In 1982-83 it is more likely that th figure would be smaller rather than bigger. Since the detailed exercise for remoulding the plan has yet to be undertaken, the planners still have time to reconsider whether it would not be wise to treat the railways also on par with o and power.

Despite an increase in passenge fares and freight rates in the last railwa budget and another hike in freight rate with effect from the beginning of thi year, the railway's own finances woul

Continued on page 16

EDITOR'S NOTEBOOK

Vadilal Dagli

RS Gandhi's new 20-point programme deserves the support of all zens who desire that privations of the or are minimised. One may argue that en the system itself is inefficient what one achieve out of this new promme? There is also the atmosphere of itical corruption. But in a democratic ciety the opposition cannot just oppose, t should also be ready to support the vernment, when it announces a specific ogramme to alleviate hardship of the or. Even if the government were incere, the adoption of anti-poverty promme by the entire nation will alert government not to slacken. When ring the emergency Mrs Gandhi anunced her 20-point programme in July 75, all lovers of democracy opposed it cause it was a programme of an authoarian government. But now a courages Justice Lentin could see to it that a rrupt Antulay was dismissed. This is political backdrop of the new 20-point ogramme.

The main thrust of the new 20-point ogramme is the capacity utilisation — hether it is power or irrigation or inistrial plants in public sector. This is issue which all patriotic citizens should pport without any reservation. For inance, irrigation potential of the country, here a drop of water is more valuable an an ounce of gold, is used only to the tent of 60 per cent. Capacity utilisation power plants is less than 50 per cent. n the one hand we have the shortage water and power and on the other, we not use adequately capacities created irrigation and power. The other aspect the new programme is the production pulses and oilseeds. Just before Mrs andhi came to power, in 1964-65 the er capita availability of pulses was 62 rams per day. Today it has declined to bout 40 grams.

The edible oil production has also gged behind the demand. Can you nagine that in an agricultural country ke India where the Government has inested as much as Rs 10,000 crores on roviding irrigation facilities we had to mport nearly 11 lakh tonnes of edible ils at the cost of Rs 800 crores in forign exchange last year? So if the Government decides to increase the availability f pulses and edible oils it would be a tep which would help prevent further rosion of the standard of living of our eople. The same can be said about rinking water and the national rural mployment programme. Here I would like to suggest that the government should earmark 25 per cent of food bufferstock for the food-for-work programme which is now redesignated as the National Rural Employment Programme. It is heartless to offer cash to the rural poor with the full knowledge that with love or money they cannot buy food. In this situation the rural employment programme can only be strengthened if sufficient quantities of foodgrains are released for the rural poor.

★

WHILE condemning the brazen-faced corruption of the former Chief Minister of Maharashtra, Mr Antulay, we must not overlook the brighter side of our public life that a Chief Minister could be peacefully removed by a judgement of a high court. That there was no need for violent agitations is itself an index of the maturity of Indian democracy. I would go a step further and, say, that India is, in this respect, one of the few civilised countries in the world. Most of the countries in the world are either ruled by rightist dictatorship or by communist dictatorship under which rulers could be removed by the use of force. Even if the man in power is removed, the dictatorship continues. The fact that this has not happened in India is itself a tribute to the political system which it is our duty to strengthen. The Antulay exit was a glorious hour of Indian democracy.

★

MR Justice Lentin whose judgement dislodged a corrupt Chief Minister, has carved for himself an honoured place in the history of democratic India. Who is he? Mr Justice Lentin, who was born in 1927, comes from a reputed Parsi family of lawyers (his father was an advocate and his mother a solicitor). His father and mother did not get along well in their married life. Mr Lentin adopted the surname of his maternal grandfather. He first worked in the chamber of Mr K. A. Somjee, a leading counsel of his time who later rose to be a judge of the Bombay High Court. Mr Justice Lentin was appointed a judge of the Bombay City Civil and Sessions Court in 1965. Eight years later in 1973, when he was 46 years, he was elevated to Bombay High Court. He has earned for himself a reputation of not being only bold and fearless but also as a judge who is honest and upright. He is not that type of a judge who will accept land for building a flat in a posh area from Mr Antulay. A solicitor-friend of mine told me that because Justice Lentin knew him personally he will not hear a case in which he was actively involved. Mr. Justice Lentin feels that affection impairs judicial impartiality.

★

THE death of Mr Jyotirmoy Bosu at the age of 62 on January 12 has removed an alert sentry of parliamentary life in India. Jyotirmoy Bosu was a colourful communist who had worked as a professional tea-taster and who had declared 'Shikar' (hunting) as his hobby. During the World War II, he worked as an Air Force Officer and also worked with Royal Artillery Unit in London till the war was over. In England, he came in contact with Mr Harry Pollit, General Secretary of the British Communist Party. Jyotirmoy Bosu was a member of the Lok Sabha since 1967. All the four no-confidence motions that came up before the Fifth Lok Sabha were brought by him. These include the well known Nagarwala, Maruti and Tul Mohan Ram cases. Mr Bosu has recorded that during the Nagarwala affair, "I was offered an Ambassadorship if I had dropped the inquisition. Not only that, I was offered a berth in the Central Cabinet".

He was not only a stormy petrel of Parliament but also a studious parliamentarian. As chairman of the Public Accounts Committee and also the Committee on Public Undertakings he showed what an active Parliamentarian could do to improve government machinery. I was told that he kept scores of files on various topics and became a walking reference-library on controversial issues. Mr Bosu came from an affluent family but he put his services at the disposal of the common man. During the emergency, he was arrested and his health was shattered in the jail. Despite this, he remained indomitable till the end. Jyotirmoy Bosu was above all a fine human being. I had a very brief acquaintance with him but even that revealed him as a person who preferred friendship to politics. Basically, he was a restless servant of the people. His energy was fabulous. During a question hour in the Lok Sabha he once put 27 supplementaries to a question. Only a year ago he told an interviewer : "You know a psychiatrist examined me. He says I have a choleric brain, *i.e.* I have a brain which cannot sit idle — it has to do something".

COVER STORY

NEW 20—POINT PROGRAMME

By COMMERCE RESEARCH BUREAU

THE announcement by the Prime Minister, Mrs Indira Gandhi on January 14 of the new 20-point programme becomes meaningful to the extent that it represents the Government of India's determination to pursue the fulfilment of the targets in this regard. For the programme outlined in the 20 points listed by the Prime Minister is one about which there is no difference of opinion in the country. The Government is thus in a very advantageous position to see through the implementation of the programme with the co-operation of all. To do so calls for bringing into play the will to achieve results. If no time limit has been laid for the fulfilment of the tasks it cannot be taken to mean the adoption of a relaxed approach.

The announcement of the new 20-point programme naturally brings to mind the 20-point programme announced by the Prime Minister, Mrs Indira Gandhi herself six and a half years earlier on July 1, 1975, in the midst of the Emergency, under which she had put the nation at that time to the chagrin of millions. Since in a period of six years things do not change radically in an underdeveloped economy like India expectedly enough, there are several common points in both the programmes: development of irrigation potential, ceilings on agricultural land, minimum wages for agricultural labour, rehabilitation of bonded labour, allotment of house sites to rural families, liberalisation and improved distribution of essential commodities.

The relevance of the 20-point programme is that it seeks to relate development simultaneously to the improvement in the standard of living of the weaker sections of the people and hence calls for the utmost co-operation of all. The strengthening and expanding the coverage of the Integrated Rural Development Programme (IRDP) including the National Rural Employment Programme (NREP), the strict implementation of agricultural land ceilings and distribution of surplus land, effective enforcement of the minimum wages for agricultural labourers, rehabilitation of bonded labourers, supply of drinking water to the problem villages, allotment of house sites to rural families and providing them with assistance for house construction, augmentation of universal primary health care and spread of elementary education, among others, constitute the core of the justification for any planning. The singling out of these areas for particular attention is a welcome decision on the part of the Government of India.

We publish elsewhere a tabular presentation comparing the two programmes. The points in our Table A have been listed in the order indicated in the 1982 announcement, with the matching points of 1975 placed against the respective numbers. The numbering of the 1975 programme has been left unchanged so that it enables a reader to compare the changes, if any, in the priorities in the two programmes during the intervening period. Statewise expenditure on 20-point programme during 1980-81 and 1981-82 is given Table 1.

Increase in irrigation potential is now the first point compared with the seventh point in 1975. In 1975 the intention was declared to bring additional five million hectares under irrigation. Between 1975-76 and 1980-81 the irrigation potential increased by 13 million hectares, from 46 million hectares to 59 million hectares. The percentage of area irrigated to the gross cultivated area went up from 25 in 1975-76 to about 32 in 1980-81. Unfortunately over the decade from 1969-70 to 1979-80 the achievement in irrigation facilities has always fallen short of the target.

National Rural Employment Programme

The Food-for-Work Programme, initiated in 1977, was rechristened National Rural Employment Pr gramme in July 1980. The ma object of the programme was to pr vide employment to the rural labo through provision of foodgrains wages in lieu of cash and crea durable community assets. Wh the programme was rechristene fresh guidelines were issued by t Government of India to the state union territories for its implement tion. These guidelines took into a count the suggestions made in t evaluation reports of the programm by the Programme Evaluation Org nisation of the Planning Commissi and the experience gained in th working of the programme. T programme was included in t Sixth Plan (1980-85) and fro 1981-82 the states were asked make matching contribution in the Plans for the programme along wi the Centre. The Plan laid down th 300 to 400 million mandays wou be generated under the programn annually, so as to mitigate the se sonal unemployment in rural areas

During 1981-82, the programn has suffered to a great extent as t Government of India could not r lease foodgrains in adequate qua tities to the states. Initially only o and a half lakh tonnes of foodgra were allocated, while recently a other instalment of the same mag tude was sanctioned. The Gover ment of India has issued instru tions that only one kg of foodgrai may be given as wage while t rest may be paid in cash. The e ployment generated under the pr gramme was the maximum *viz* crore mandays in 1979-80 (Table During the current financial ye less than three crore mandays

Table I: Expenditure by states on the 20-point programme

(Rs crores)

States	Anticipated expenditure in 1980-81	Provision for 1981-82
Andhra Pradesh	306.68	315.98
Assam	97.90	104.71
Bihar	241.70	316.94
Gujarat	257.47	341.68
Haryana	132.47	145.60
Himachal Pradesh	27.41	30.40
Jammu & Kashmir	38.55	48.39
Karnataka	210.48	233.83
Kerala	104.81	111.84
Madhya Pradesh	376.59	433.31
Maharashtra	526.87	585.54
Manipur	11.52	11.92
Meghalaya	10.00	10.62
Nagaland	4.54	5.09
Orissa	150.94	164.38
Punjab	146.28	187.08
Rajasthan	173.70	192.83
Sikkim	4.18	3.45
Tamil Nadu	182.35	206.20
Tripura	9.29	10.14
Uttar Pradesh	486.07	610.03
West Bengal	209.99	214.87
Total	3,709.79@	4,284.83@

Notes : * Represents expenditure on the following items which require financial suport :

(a) Distribution of ceiling surplus land and compilation of land records (survey and settlement operations and consolidation of holdings are also included as only composite figures are available for the land reforms programme as a whole);
(b) Provision of house sites for landless and weaker sections (assistance for construction of houses on such sites is also included as only composite figures are available for the programme of house sites and construction of houses thereon);
(c) Rehabilitation of bonded labour;
(d) Machinery for enforcement of minimum agricultural wages:;
(e) Irrigation;
(f) Power;
(g) Handloom industry;
(h) Free supply of books and book banks; and
(i) Apprenticeship training

Items which require essentially legislative and administrative action e.g. debt relief, implementation of the Urban Land (Ceiling and Regulation) Act, etc. are not covered.

@ Exclude anticipated expenditure of Rs 54 crores for 1980-81 and provision of Rs 61.5 crores for 1981-82 for rural electrification for which State-wise break-up is not available.

SOURCE : Answer to the **Unstarred Question No. 1729** in the **Lok Sabha** on December 2, 1981

mployment was expected to be enerated against the target of 36 rore mandays.

RDP

The Integrated Rural Development Programme was launched during 1978-79 in 2,300 blocks of the country with the objective of raising the poorest families in the rural areas above the poverty line by giving them income generating assets and access to credit and other inputs. Every year 300 blocks were to be brought under the purview of the programme. Prior to the programme the Small Farmers Development Agencies (SFDA) programme, the Drought Prone Areas Programme (DPAP) and the Command Area Development Authority (CADA) programme were in operation in specific areas. All the 5,000 blocks in the country were brought under the programme on October 2, 1980 merging the SFDA programme with it. The plan target is to assist 600 families in each block per year to go above the poverty line, the total target being 1.5 crore families. Of the 600 families, 400 families would benefit through agriculture and related activities, another 100 families would be covered through village and cottage industries and another 100 families would be assisted in the services sector in a year.

The total investment outlay in the Sixth Plan for the programme is Rs 1,500 crores supplemented by Rs 3,000 crores from institutional finance. About 27 lakh families were assisted under the programme during 1980-81 as against the target of 30 lakh families for the year. The block level plans are approved by a state level co-ordination committee while the implementation in the field is being done through the district level rural development agencies and block agencies.

Rural electrification

The vast majority of the villages of India still remain unconnected to electricity. At the end of December 1980 only a little over 45 per cent of the villages in the country had electric connection. But this average figure concealed a much greater want. While in states like Haryana, Punjab, Kerala and Tamil Nadu all the villages were electrified, in Meghalaya only 14 per cent of the villages had received electric connection. In the largely populated states like Uttar Pradesh, Bihar and West Bengal the percentage of villages electrified was less than thirty-six. Even in the industrially more developed states like Maharashtra (74 per cent villages electrified) and Gujarat (65 per cent villages electrified) the percentage was less than eighty (Table 3).

It is not possible in the brief span of this article to deal with all the points. However, the fact is that the process of economic development has passed by millions in the country. What is still more important is to note that the available informatoin may not adequately reveal the actual extent of this failure of the plans to touch the lives of the people of the country. In April 1980, according to the findings of an earlier survey, 57,000 villages remained to be provided with safe drinking water facilities. However, the actual number of villages requiring the facility of safe drinking water supply on that date was much larger—1,90,000 in fact. This was because the earlier survey had failed to measure up the position correctly. There is no reason to believe that such lack of correct information regarding the standard of living of the people is confined only to the sphere of rural drinking water supply.

On the face of it, the new programme with a rural orientation looks to be quite impressive. However, any careful observer of the Indian economy would hardly find

COVER STORY

Table A: 20-Point Programme of Government of India

Announced on January 14, 1982	Announced on July 7, 1975
1. Increase in irrigation potential and provision on inputs for dry land agriculture.	7. Five million more hectares to be brought under irrigation. A national programme for use of underground water.
2. Special efforts to increase production of pulses and vegetable oilseeds.	
3. Strengthening and expanding coverage of integrated rural development and national rural employment programmes.	
4. Strict implementation of agricultural land ceilings and distribution of surplus land.	2. Implementation of agricultural land ceilings and speedier distribution of surplus land and compilation of land records.
5. Review and effective enforcement of minimum wage for agricultural labour.	6. Review of laws on minimum agricultural wages.
6. Rehabilitation of bonded labourers.	4. Bonded labour, wherever it exists, will be declared illegal.
7. Accelerated programmes for the development of Scheduled Castes and Scheduled Tribes.	
8. Supply of drinking water to all problem villages.	
9. Allotment of house sites to rural families and construction assistance to them.	3. Stepping up of provision of house-sites for the landless and the weaker sections.
10. Improving the environment of slums, house-building schemes for economically-weaker sections and measures to arrest unwarranted increase in land prices.	
11. Maximisation of power generation, electrification of villages.	8. An accelerated power programme. Establishment of super thermal stations under Central control.
12. Vigorous implementation of afforestation, social and farm forestry and development of bio-gas and other alternative energy sources.	
13. Promotion of family planning on a voluntary basis as a people's movement.	
14. Substantial augmentation of universal primary health care facilities and control of leprosy, TB and blindness.	
15. Accelerated welfare programmes for women and children, nutrition programmes for pregnant women, nursing mothers and children, specially in tribal, hill and backward areas.	
16. Spread of universal elementary education for children in the 6-14 age group with special emphasis on girls and involvement of students and voluntary agencies in the removal of adult illiteracy.	
17. Expansion of the public distribution system, supply of textbooks and exercise books to students on a priority basis and promotion of a strong consumer protection movement.	18. Supply of essential commodities at controlled prices to students in hostels 19. Supply of books and stationery at controlled prices
18. Liberalisation of investment procedure and streamlining of industrial policies to ensure timely completion of projects, all facilities to handicrafts, handlooms, small and village industries to update technology.	14. Liberalisation of investment procedures. Action against misuse of import licences.
19. Continued strict action against smugglers, hoarders and tax evaders and check on black money.	12 Special squads for valuation of oonspicuous consumption and prevention of tax evasion. Summary trials and deterrent punishmentt to economic offenders 13. Special legislation for confiscation of smugglers' properties
20. Improvement in the working of the public sector enterprises.	
	1. Continuance of steps to bring down prices of essential commodities; streamlined production, procurement and distribution of essential commodities; strict economy in government expenditure.
	5. A plan for liquidation of rural indebtedness, Legislation for moratorium on recovery of debts from landless labourers, small farmers and rural artisans.
	9. New plan for development of the handloom sector.
	10. Improvement in quality and supply of people's cloth
	11. Socialisation of urban and urbanisable land. ceiling on ownership and possession of vacant land and on the plinth area of new dwelling units
	15. New schemes for workers' association in industry
	16. National Permit Schemes for road transport
	17. Income-tax relief to the middle class—exemption limit raised to Rs 8,000 per annum
	20. New apprenticeship schmes to enlarge employment and training, specially of the weaker sections

Table 2: Foodgrains utilised and employment under FWP/NREP

State/UT	1977-78		1978-79		1979-80		1980-81		1981-82	
	Foodgrains utilised (MTs)	Employment Generated (Lakh mandays)	Foodgrains utilised (MTs)	Employment generated (Lakh mandays)	Foodgrains utilised (MTs)	Employment generated (Lakh mandays)	Foodgrains utilised (MTs)	Employment generated (Lakh mandays)	Foodgrains utilised (MTs)	Employment generated (Lakh mandays)
Andhra Pradesh	—	—	93,430	186.79	1,96,690	532.91	87,047	476.99	—	NR
Assam	3,718	6.11	2,445	4.06	9,372	115.86	4,615	NR	Nil	Nil
Bihar	7,735	14, 76	1,82,140	641.42	3,01,355	753.39	1,37,183	280.74	1,537	NR
Gujarat	—	—	15,000	301.00	46,345	523.84	26,070	9.75	Nil	5.60
Haryana	—	—	15,903	30.03	71,542	124.19	30,211	257.17	667	NR
Himachal Pradesh	304	9.70	1,434	2.72	29,355	43.47	20,719	15.46	—	NR
Jammu & Kashmir	—	—	6,000	10.99	33,389	29.83	13,563	34.77	62	NR
Karnataka	563	5.02	4,459	20.15	30,653	12.13	28,472	3.32	—	NR
Kerala	3,761	21.43	11,997	40.69	36,100	57.26	13,576	5.69	—	NR
0. Madhya Pradesh	8,780	44.00	12,500	450.00	2,91,762	456.02	1,41,226	661.31	—	NR
1. Maharashtra	—	—	52,240	143.00	1,70,540	499.12	1,27,324	NR	—	NR
2. Manipur	—	—	—	—	457	—	2,343	NR	—	NR
3. Meghalaya	—	—	—	—	—	NR	—	—	—	NR
4. Nagaland	—	—	—	—	1,480	NR	4,033	NR	—	NR
5. Orissa	23,106	68.69	1,80,746	362.39	2,09,888	552.27	1,23,460	321.67	10,304	NR
6. Punjab	297	0.14	36,713	49.93	25,850	32.28	5,688	6.40	520	0.02
7. Rajasthan	3,928	6.87	2,50,379	500.74	2,25,458	400.35	1,97,329	154.75	7,239	23.54
8. Sikkim	—	—	—	—	—	—	79	NR	—	Nil
9. Tamil Nadu	—	—	—	—	58,232	222.54	47,378	147.53	24,429	123.57
0. Tripura	—	—	8,000	29.65	23,056	99.97	3,848	77.45	813	3.91
1. Uttar Pradesh	32,684	58.19	1,31,436	223.32	4,63,913	819.52	2,33,105	479.36	—	NR
2. West Bengal	44,959	218.43	1,26,356	533.44	1,49,597	540.50	83,250	328.51	8,126	44.85
nion Territories										
3. A &N Islands	—	—	—	—	216	NR	1,740	2.55	—	NR
4. Arunachal Pradesh	—	—	—	—	180	0.15	93	0.30	—	NR
5. Chandigarh	—	—	—	—	—	—	—	NR	—	NR
6. Mizoram	—	—	1,200	2.00	150	—	80	NR	—	NR
7. Pondicherry	—	—	—	—	550	1.50	592	1.26	Nil	Nil
TOTAL	1,29,835	444.34	12,44,878	3,532.32	23,76,130	5,817.10	13,33,024	3,264,98	53.697	201.49

NR = Not Reported.

Table 3 : Rural electrification

State	Total number of villages (1971 Census)	Inhabited villages electrified as on December 31,1980	Electrified villages as per cent of total villages
Andhra Pradesh	27,221	17,276*	63.5
Assam	21,995	4,740	21.6
Bihar	67,566	20,628(b)	30.5
Gujarat	18,275	11,879	65.0
Haryana	6,731	6,731	100.0
Himachal Pradesh	16,916	9,698	57.3
Jammu & Kashmir	6,503	4,552*(a)	70.0
Karnataka	26,826	16,505	61.5
Kerala	1,268	1,268	100.0
Madhya Pradesh	70,883	23,719	33.5
Maharashtra	35,778	26,623	74.4
Manipur	1,949	322(b)	16.5
Meghalaya	4,583	624	13.6
Nagaland	960	360	37.5
Orissa	46,992	17,550	37.3
Punjab	12,188	12,126+	99.5
Rajasthan	33,305	14,421*(c)	43.3
Sikkim	215	75(c)	34.9
Tamil Nadu	15,735	15,576	99.0
Tripura	4,727	851	18.0
Uttar Pradesh	1,12,561	40,429	35.9
West Bengal	38,074	13,579	35.7
Total (States)	5,71,251	2,59,532	45.4
Total (Union Territories)	4,685	1,446	30.9
Total (All India)	5,75,936	2,60,978	45.3

Notes: (*) Figures provisional
(+) = 62 villages have been declared uninhabited
(a) = As on 31.12.1979 (b) = As on 30.6.1980 (c) = As on 30.11.1980

SOURCE: 1. Government of India, Ministry of Irrigation, Central Water Commission, **Bhagirath, Vol. XXVIII, No. 3, July 1981,** New Delhi
2. Reply to **Unstarred Question No. 1146** in the **Rajya Sabha** on August 11, 1980

anything basically new in the programme which is not there as the stated objectives of our Five-Year plans in one form or the other. Mere announcements of the programmes do not take us far. What is required is a close follow-up in the right earnest.

Investment in plan era

Over the past 30 years of planning we have invested more than Rs 100,000 crores in the public sector through our plans. As a result, the rate of investment (as percentage of gross domestic product), which was around ten per cent in 1950-51, increased to about 22 per cent in 1980-81. During this period agricultural production in the country more than doubled; industrial production increased five-fold and real national income almost trebled. The nation can legitimately be proud of broadening its agricultural base. Not only that foodgrains production has more than doubled over the last three decades, what merits special attention is the fact that even in a drought year (1979-80) our foodgrains production was of the order of about

COVER STORY

110 million tonnes. India today is the fourth largest producer of foodgrains next only to the USA, the USSR and China. Irrigation facilities have significantly increased from 17.1 per cent of the gross cropped area in 1950-51 to more than 33 per cent today. The same could be said about fertiliser consumption and the area under high-yielding varieties.

There is a remarkable improvement in the infrastructural facilities as well. The total road length has increased more than four-fold. The revenue-earning goods traffic on the railways almost trebled from 73 million tonnes in 1950-51 to 195 million tonnes in 1980-81. The number of telephones during the same period rose from 1.7 lakhs to over 26 lakhs. Power generation increased from 5,107 million kwh in 1950 to 1,11,514 million kwh in 1980-81, recording a 20-fold rise in 30 years.

As a result of significant increase in infrastructural facilities, India has emerged as a leading industrial country in the world. At the time of Independence India was importing even a pin. Today the country has taken major strides in that we are able to undertake turn-key projects such as sugar mills, cement factories, railway lines, bridges, etc. in other developing countries. In Asia, barring Japan, India is the only nation which has industrialised so well. We are able to build offshore platforms for our Bombay High and have put satellites into orbit and thus can boast of having achieved significant progress in the field of science and technology.

However, all is not well with the Indian economy. Planning has widened the gap between the poor and the rich. It is unbelievable but true that today more than 30 crores of Indians live below the poverty line. In other words, about half the population does not get two square meals a day and eke out an animal-like existence. This is the reality of the Indian situation.

Per capita availability

Per capita availability of foodgrains during the last 30 years has remained almost stagnant: From 395 grammes per day in 1950-51 it increased to an estimated 455 grammes in 1980-81, marking a growth of 0.5 per cent per annum. The picture is more depressing as regards pulses—a principal source of protein for the poor. During the 30 years ended 1980-81 the production of cereals increased at an impressive average annual rate of 3.5 per cent. However, the growth of production of pulses was woefully low at 1.0 per cent per annum, the production in absolute terms increasing from 8.4 million tonnes in 1950-51 to 11.2 million tonnes in 1980-81. This was much below the population growth rate of 2.1 per cent per annum during this period. As a result, in per capita terms, the availability of pulses declined from 61 grammes per day in 1950-51 to less than 40 grammes in 1980-81. This is an average. For poor people it may be still lower. What sort of planning is this whereby the per capita availability of pulses declined over the years? Could we boast of increased production when per capita availability declines? Our Plan targets should not be in terms of total production but in terms of per capita availability thereof, at least for such basic necessities as cereals, pulses, milk, edible oils, sugar, gur, tea and cotton cloth.

The same is the position about vegetable oilseeds. The production of major oilseeds increased at the rate of 1.6 per cent per annum during the same period. This has lagged much behind the demand. As a result, even after investing about Rs 25,000 crores in agriculture and irrigation so far, this so called agricultural nation requires to import every year nearly 10 to 12 lakh tonnes of edible oils from abroad which costs about Rs 800 crores in terms of foreign exchange. It was in this context that the programme to increase production of pulses and oilseeds should be heart-warming.

Even after 30 years of planning more than two-thirds of the cultivated area is dependent on the vagaries of the monsoon. While the investment in major and medium irrigation facilities, which are mainly used by rich farmers, has been of the order of about Rs 6,000 crores during the last 30 years, investment in minor irrigation, which benefits the marginal farmers, *adivasis and harijans,* was only about Rs 2,000 crores. Attaching special importance to irrigation might provide a boost to our agricultural production. While urban centres got modern flyovers and escalators vital bridges in many rural areas of the country are no built with the result that the river in these areas become a threat to the people rather than a boon. It i most shocking that even today there are nearly two lakh villages which do not have the basic facility of clear drinking water. Special mention in the programme of supply of drinking water to all problem villages should therefore provide a cheerful news.

Who could believe that despite the tremendous increase in road length since Independence, at the end of March 1978 out of 5.76 lakh villages in the country more than four lakh villages were not connected by all-weather roads? As many as 3.15 lakh villages remained unconnected with any type of road. In other words, 55 per cent of our villages are almost completely isolated from the mainstream of economic activities and 71 per cent of the villages are isolated from other parts of the country for a few months of the year. This is the result of according low priority to the development of rural roads. This also shows that while we attended to the problem of infrastructure, as usual it had a pronounced urban bias.

Under-utilisation of capacities

Underutilisation of capacities has proved to be one of the biggest bottlenecks in our developmental efforts Because of under-utilisation of capacities we are not only not getting adequate return on investments already made, this also results in the increase in prices for, fixed overhead costs get distributed over the smaller quantity of production. Whether it is an irrigation project, whether it is a power plant or whether it is cement, steel or a fertiliser project, we are not able to utilise the installed capacities to the optimum level. Our power plants operate at less than 50 per cent capacity. Similarly, in a country where water resources are scarce, we utilise hardly 60 per cent of the total irrigation potential created. The unutilised capacity to extent of 42 per cent in the fertiliser industry forced the country to import as much as 40 lakh tonnes of fertilisers worth Rs 1,000 crores during 1980-81. Here again, capacity utilisation in public sector plants is found much lower than their counterparts

COVER STORY

the private sector. Now that the
r 1982 has been designated as pro-
ctivity year by Mrs Gandhi, it is
st appropriate that improvement
the working of the public sector
terprises has been given special
phasis in the new 20-point pro-
amme.

id-term appraisal

We feel that at the time of mid-
rm appraisal of the Sixth-Five
ear Plan (1980-85) in September
82, unless the Sixth Plan outlay
r rural development programme is
ised from the proposed Rs 36,930
rores or 38 per cent of the public
ctor plan outlay of Rs 97,500 crores
at least Rs 50,000 crores or about
per cent the plight of the poor
eople will continue to accentuate.

Our priorities are so perverted
hat whenever a crisis arises, the
oor suffer the most. How else can
e explain the near-complete stop-

Table 5 : Capacity utilisation in selected industries : 1981

Sl. No.	Industry	Unit	production 1980	1981 capacity	1981 production	1981 capacity utilisation (%)
1.	Saleable steel	lakh tonnes	60.24	87.00	71.28	81.9
2.	Sugar (a)	lakh tonnes	38.64	59.91	47.76	79.7
3.	Jute textiles	lakh tonnes	11.75	13.25	11.54	87.1
4.	Paper (a)	lakh tonnes	10.58	16.5	11.00	66.7
5.	Automobile tyres	lakh number	71.77	85.80	80.31*	93.6
6.	Bicycle tyres	lakh number	281.62	340.00	257.62*	81.8
7.	Fertilisers : N (a)	lakh tonnes	21.12	47.23	29.24	61.9
8.	Fertilisers : P_2O_5(a)	lakh tonnes	8.16	14.15	8.95	63.3
9.	Commercial vehicles(a)	Number	67.708	84 000	84.343	100.4
10.	Cement (a)	lakh tonnes	178	282	196	69.5
11.	Vanaspati	lakh tonnes	7.06	12.50	8.45	67.6
12.	Aluminium	lakh tonnes	1.85	3.30	2.12	64.2
13.	Passenger cars (a)	Number	30.501	52 400	40.939	78.1
14.	Tractors (a)	Number	67.512	75 000	81.090	108.1
15.	Caustic soda (a)	lakh tonnes	5.48	7.79	5.78	74.2
16.	Soda ash (a)	lakh tonnes	5.26	6.96	6.34	91.1
17.	Scooters (a)	lakh number	2.11	2.49	1.96	78.5
18.	Steel ingots	lakh tonnes	73.95	114.00	84.05	73.7
19.	Newsprint (a)	lakh tonnes	47.532	60.000	55 000	98.2

(a) Estimated
* Relates to 1980-81
Note: Industries ranked according to their weights in the CSO Index of Industrial Production.

Table 4 : Per capita net availability of some items of mass consumption

	Cereals	Pulses	Milk	Edible oils and vanaspati	Sugar, gur and khandsari	Tea	Cotton cloth(c)	Man-made fibre fabrics(c)
	gm per day		kg per year			gm per year	metres per year	
1950-51	334	61	48	2.7	12.5	260	11.0	0.5
1956-57	374	72	49	3.2	17.4	257	14.4	1.1
1961-62	399	62	46	3.9	20.0	309	14.8	1.2
1964-65	419	62	43	4.4	20.0	309	15.2	1.6
1965-66	360	48	40	3.5	19.7	337	14.7	1.7
1966-67	362	40	39	3.4	18.2	365	14.0	1.7
1967-68	404	56	39	4.2	16.5	351	13.6	1.7
1968-69	398	47	41	3.5	18.9	353	14.4	1.9
1969-70	403	52	39	3.9	19.8	377	13.6	2.0
1970-71	418	51	42	4.5	21.0	387	13.6	2.0
1971-72	420	47	41	4.1	20.4	392	12.4	2.2
1972-73	381	41	38(a)	3.4	18.4	404	13.2	2.0
1973-74	410	41	40	4.2	20.5	430	12.0	1.9
1974-75	367	40	40	3.9	19.3	444	12.9	1.7
1975-76	403	51	42	4.3	20.4	455	12.6	2.0
1976-77	391	44	43(a)	4.1	22.2	469	11.4	2.4
1977-78	427	44	44	4.7	22.1(a)	479	9.5	4.0
1978-79	435	45	46	4.8	24.7(a)	498	10.2	4.8
1979-80	384	30	46	4.7	...	518	10.2	4.6
Annual rate of increase (per cent) between 1950-51 .. .. & 1979-80	0.5	Negative	Negative	1.9	2.5(b)	2.4	Negative	8.0

Notes : (a) Estimated by Commerce Research Bureau
(b) Between 1950-51 and 1978-79
(c) Data relate to calendar years e.g. 1950-51 relate to 1950 and so on
(...) = Not available

COVER STORY

page of allocation of foodgrains for National Rural Employment Programme which was supposed to provide productive employment to a large number of unemployed and underemployed persons in rural areas in order to improve their living conditions and create durable community assets to strengthen the rural infrastructure? As a result, during 1981-82 only two crore mandays of employment was expected to be generated as against 33 crore mandays in 1980-81 and 58 crore mandays in 1979-80 under this programme. In view of the depleting food bufferstock the Union Government has issued the guidelines to the states that hereafter only one kg of foodgrains per day would be given as wage and the rest in cash to each worker employed under the programme. Apparently, at a time when prices of cereals are rising by more than ten per cent a year, this decision would mean lower wages in real terms for the poor.

White paper

In order to attain the maximum benefit out of this new programme we would like to make the following few suggestions. (1) A separate chapter should be devoted to the new 20-point programme in the *Economic Survey* for 1981-82 to be presented in the next budget session of Parliament, indicating the achievements of past performance and the last ahead. This chapter should elaborate the details of each of the 20-points and provide necessary framework for their implementation.

(2) Along with the budget-papers the new Finance Minister, Mr Pranab Kumar Mukherjee, should present a white paper on capacity utilisation which should give the actual capacity utilisation for last two years and the targets for 1982-83 for various sectors of the economy such as power and irrigation and industrial products.

(3) Specific targets for the per capita availability of basic necessities during 1982-83 should be laid down.

(4) The allocation of foodgrains for the NREP should be raised to at least 10 million tonnes a year by the end of 1984-85.

(5) Specific districtwise targets should be fixed so as to ensure that by the end of the Sixth Plan all the villages have adequate drin water facilities.

(6) It is surprising that t is no mention of improving the fa ties of rural roads in the new point programme. Unless ne three lakh villages are linked roads to national or state highv or district roads by the end of Sixth Plan, our attempts to incr the purchasing power of the r poor may not succeed. If we serious about the task, the S Plan outlay for rural roads sh be raised from the proposed Rs 1 crores to Rs 4,000 crores.

(7) The Government of I has already decided to set up biogas board at the national le This board should work in c collaboration with the banks. Th are nearly 32,000 bank branches the country. Each bank bra should sponsor five gobar gas pla a year.

The main thrust of our devel ment strategy so far has been enlarge the size of the cake, au matic percolation of its benefits the weaker sections of the soci being taken for granted. It is ti to discard this strategy which not worked and distribute poverty even as we launch a ca paign to increase production.

ANNEXURE-I

Statement referred to in reply to part (b) of the unstarred question No. 4802 to be answered in the Lok Sabha on 21-12-1981

Irrigation development in the country state-wise by major, medium and minor projects

('000 hectares gross)

Sl. No.	State	Ultimate Potential	Potential created up to 1-4-1981	Percentage	Target of additional potential during IV Plan (1980-81 to 1984-85)	Percentage at the end of IV Plan
1	2	3	4	5	6	7
1.	Andhra Pradesh	9200	5106	55.50	870	63.00
2.	Assam	2670	421	15.77	226	23.03
3.	Bihar	12400	5007	40.38	1680	52.15
4.	Gujarat	4750	2534	53.35	453	60.11
5.	Haryana	4550	3077	67.63	298	73.05
6.	Himachal Pradesh	335	104	31.04	028	37.16
7.	Jammu & Kashmir	800	435	54.37	65	60.50
8.	Karnataka	4600	2175	47.28	715	60.87
9.	Kerala	2100	804	38.28	303	51.00
10.	Madhya Pradesh	10200	3207	31.44	1033	39.46
11.	Maharashtra	7300	3016	41.31	875	51.21
12.	Manipur	240	43	17.92	61	38.87
13.	Nagaland	90	44	48.89	10	47.78
14.	Meghalaya	120	26	21.67	15	32.25
15.	Orissa	5900	2189	37.10	660	46.67
16.	Punjab	6550	5295	80.84	410	86.00
17.	Rajasthan	5150	3410	66.21	482	73.63
18.	Sikkim	42	10	23.81	8	40.48
19.	Tamil Nadu	3900	3105	79.61	233	84.59
20.	Tripura	215	40	18.60	13	23.92
21.	Uttar Pradesh	25700	15816	61.54	4550	75.56
22.	West Bengal	6110	3071	50.26	687	59.64
	Total States:	112922	58935	52.19	13675	62.15
	Union Territories: ..	410	116	28.29	66	42.93
	Total All India ..	113332	59051	52.10	13741	62.08

(For Annexures II, III, IV, V, VI and VII, please see pages 139 to 141)

READ

COMMERCE PAMPHLETS

Pamphlet No. 164

Planning for Small Towns for Balanced Regional Development

By U. C. Mallick

Pamphlet No. 165

India's Balance of Payments in the Eighties

By V. G. Pendharkar

Pamphlet No. 166

Bio-gas Technology— Alternative Source of Energy for Rural Areas

By A. R. Patel

Annual subscription Rs 50

COMMERCE PUBLICATIONS LIMITED

Manek Mahal, 6th floor,
90, Veer Nariman Road,
Bombay-400 020.

Sterilisations £ **ANNEXURE II**

State/U.T./Agency	Target for 1981-82	Achievements during April to October		Percentage Increase (+)or Decrease (—) during 1981-82 over 1980-81	Percentage Achvt. of proof target during 1981-82	
		1981-82	1980-81 (Corresponding period)		Below All India average	Above All India average
2.	3.	4.	5.	6.	7.	8.
dhra Pradesh	244,100	131,176	127,383	(+) 3.0		92.1
am	60,400	6,748	12,308	(—) 45.2	19.2	
ar	275,900	21,592*	12,325*	(+) 75.2	15.7	
jarat	162,300	79,347	85,228	(—) 6.9		83.8
ryana	53,700	18,002	15,678	(+) 14.3	57.5	
machal Pradesh	15,800	4,394	2,441	(+) 80.0	47.7	
& K	22,709	4,749	3,284	(+) 44.6	35.9	
arnataka	190,400	99,650	76,903	(+) 29.6		89.7
erala	100,000	58,206	64,118	(—) 9.2		99.8
adhya Pradesh	246,400	62,929	55,054	(+) 14.3	43.8	
aharashtra	295,500	248,075	164,436	(+) 50.9		143.9
anipur	6,100	719*	791*	(—) 9.1	23.6	
eghalaya	5,500	110*	104*	(+) 5.8	4.8	
agaland	—	64**	15**	(+)326.7	—	—
rissa	115,600	37,730	44,835	(—) 15.8	56.0	
unjab	65,700	24,558	16,221	(+) 51.5	64.1	
ajasthan	134,000	63,359	52,280	(+) 21.2		81.1
ikkim	250	86**	91**	(—) 5.5		82.7
Tamil Nadu	182,000	83,239	70,422	(+) 18.2		78.3
Tripura	7,000	258*	213*	(+) 21.1	7.4	
Uttar Pradesh	412,400	40,035	23,681	(+) 69.1	16.6	
West Bengal	230,000	86,300	92,118	(—) 6.3	64.3	
A & N Islands	600	211*	203*	(+) 3.9		70.3
Arunachal Pradesh	2,300	34***	48***	(—) 29.2	4.4	
Chandigarh	1,750	789	734	(+) 7.5		77.3
D & N Haveli	600	254	285	(—) 10.9		72.6
Delhi	15,000	9,835	7,878	(+) 24.8		112.4
Goa, Daman & Diu	4,900	1,017*	1,154*	(—) 11.9	41.5	
Lakshadweep	250	11*	12*	(—) 8.3	8.8	
Mizoram	1,200	776*	784*	(—) 1.0		129.3
Pondicherry	2,350	2,564	2,550	(+) 0.5		187.0
M/O Defence	15,000	7,818**	7,474**	(+) 4.6		125.1
M/O Railways	26,000	7,384	6,582	(+) 12.2	48.7	
All India	2,895,900	1,102,019	947,623	(+) 16.3		66.4

Figures provisional.
Up to September.
Up to August.
* Up to July.
target has been fixed for Nagaland.

ANNEXURE

Progress of implementation of the Urban Land Ceiling Act in the States and Union Territories As on 1st November 1981

State/Union Territories	No. of statements of excess vacant land received	No. of statements organised	No. of statements finally disposed	Estimate of excess vacant land after scrutiny	Extent of vacant land acquired and vested with State Government (In hectares)
State					
Andhra Pradesh	31,820	22,132	16,689	2,594.22	206,50
Assam	574	—	10	—	—
Bihar	1,028	1,331	133	2,191.16	15.76
Gujarat	40.732	8.993	7.594	64.575.00	64.27
Karnataka	28.935	7.147	2.452	16.155.47	729.32
Madhya Pradesh	9.309	8.549	7.943	6.359.72	596.52
Maharashtra	65.916	11,724	5.308	53.522.00	1.195.00
Orissa	571	476	112	28.34	—
Punjab	5.728	3.353	1,348	197.57	—
Rajasthan	9.447	2.290	1.074	6.817.46	14.93
Uttar Pradesh	1.14.589	1.13.873	25.996	1.60.496.38	320.00
West Bengal	29.739	9.854	450	5.007.00	65.88
Tamil Nadu*	15.133	2,455	11.973	3.735.02	171.95
Union Territories					
Chandigarh	173	54	35	0.86	—
Delhi Administration	8.249	7,267	615	147.80	20.94
Pondicherry	764	450	192	75.00	—
Cantonment Areas	3,951	3.748	2.379	752.74	—
Total	3,51.525	2,00,043	72.330	3.18.920.72	3.229.12

Note: *Tamil Nadu has its own Tamil Nadu Urban Land (Ceiling & Regulation) Act. therefore, the figures have not been included in the grand total.

SOURCE: Reply to **Unstarred Question No. 209** in the Lok Sabha on November 23, 1981

ANNEXURE-I

Physical progress made under the scheme for rural house sites-cum-house construction for landless workers, position as reported up to 31.12.1980.

State Union Territories	No of families: Eligible as estimated by State/U.T.	No of families: Allotted House Sites.	Number of house-sites developed (out of col. 3)	Number of houses/huts constructed on allotted house-sites: By allottee's own/efforts.	Number of houses/huts constructed on allotted house-sites: By Govts. efforts.	Number of houses/huts constructed on allotted house-sites: Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Andhra Pradesh	21.33.000	12.67.777	3.37.620	—	3.24.626(a)	3.24.626
2. Assam	2.37.607	40.334	18.959	18.959	—	18.959
3. Bihar	19.58.000	32.685	39.979	Not available	nil	—
4. Gujarat	4.62.333	7.30.000(g) 4.22.778	1.29.402	25,688	1.27.184	1.52.872
5. Haryana	2.46,544	2.23.194	N.A.	1.742	—	1.742
6. Himachal Pradesh	10.964	4.757	4.437	1.339	1.940	3.279
7. Jammu & Kashmir	20.120	5.275	5.275	1.092	nil	1.092
8. Karnataka	10,60.852	9.11.018	9.11.018	36.087	2.23.456	2.59.543
9. Kerala	1,34.889	37.687	25.859	8.261	13.162	21.423(c)
10. Madhya Pradesh	9.13.037	7.57.000	86.570	86.570	—	86.570
11. Maharashtra	4.97.547	3.93.606	3.93.606	31.935	3.33.770	3.65.705(d)
12. Orissa	4.19.000	1.97.988	1.94.185	N.A.	13.831	13 831(e)
13. Punjab	2.97.046	2.94.930	6.817	3.337	2.461	5.798
14. Rajasthan	8.54.023	8.54.023	23.502	49,750	10.677	60.427
15. Tamil Nadu	14,97,000(b)	5.23.076	1,70,833	R.A.		
16. Tripura	42,650	38.307	5,000	R.A.		
17. Uttar Pradesh	12.40.340	12.37.096	20.000	—	13.113 1,294(f)	14.407
18. West Bengal	2.82.961	2.82.961	43,506	R.A.		
UNION TERRITORIES:						
1. A & N Islands	7,200	1,260	N.A.	840	—	840
2. Chandigarh	90	51	nil	R.A.		
3. Dadra & Nagar Haveli	1.035	715	323	—	323	323
4. Delhi	14.800	11.996	5.798	694	44	738
5. Goa, Daman & Diu	1.596	1.436	986	108	211	319
6. Pondicherry	15.213	11.302	6.157	6.047	110	6.157
Total:	1,23,47,847	82.81,252	24,29,832	2.72.449	10.66.202	13,38.651

(a) Constructed through efforts of Government and beneficiaries.
(c) State Govt. allotted houses upto 2.10.75 whereafter only house-sites are allotted.
(d) Includes information about 'C' class Municipalities.
(e) From 1.4.76 the scheme for development of House Sites has been converted into integrated Housing Scheme.
(f) Constructed by Harijan Welfare Department under their programme.
(g) By way of regularisation of encroachments under Homestead Tenancy Act.

R A.—Reports Awaited. N.A.—Not available.

Scheme is not in operation in Manipur, Meghalaya, Nagaland, Sikkim, Arunachal Pradesh, Lakshdweep and Mizoram.

Reply to part (a) of **Starred Question No. 856** on 20.4.1981 in Lok Sabha

ANNEXURE-V

Progress in implementation of revised ceiling laws

(Area in acres)

State/Union Territory	Area declared surplus under revised ceiling laws	Area taken possession of under revised ceiling	Area distributed under revised ceiling laws	
			Area	No. of beneficiaries.
Andhra Pradesh	9,80,767	4,32,113	3,00,703	2,07,150
Assam	5,80,140	5,03,161	3,16,784	2,54,333
Bihar	2,33,205	1,44,008	1,37,658	1,52,725
Gujarat	1,17,906	38,800	5,190	1,199
Haryana	27,355	19,582	17,956	5,206
Himachal Pradesh	1,35,915	1,35,293	3,417	4,500
Jammu & Kashmir	—	—	—	—
Karnataka	2,10,569	75,664	53,470	11,042
Kerala	1,18,272	79,034	52,311	84,837
Madhya Pradesh	2,53,039	1,40,193	78,749	31,567
Maharashtra	3,70,193	2,81,586	2,81,586	76,892
Manipur	1,029	36	—	—
Orissa	1,40,505	1,21,888	1,00,931	76,833
Punjab	49,324	15,896	12,511	2,955
Rajasthan	2,46,495	2,20,643	1,22,230	26,212
Tamil Nadu	78,149	75,175	56,934	36,147
Tripura	1,842	1,469	947	869
Uttar Pradesh	2,81,869	2,59,773	2,31,856	1,88,601
West Bengal	1,52,658	1,01,748	56,542	1,59,290
Dadra & N. H.	8,958	6,180	3,406	1,512
Delhi	780	413	—	—
Pondicherry	2,527	976	837	960
Total :	39,91,497	26,53,631	18,34,018	13,22,830
	(15,96,599ha)	(10,61,452ha)	(7,33,607ha)	

Reply to part (b) of the **Lok Sabha Unstarred Question No. 4804** on 21.12.1981

ANNEXURE-VI

Number of fair price ration shops in urban and rural areas

l. No.	States/Union Territory	Number of fair price shops		
		Urban	Rural	Total
1.	Andhra Pradesh	5030	23582	28612
2.	Assam	1886	13313	15199
3.	Bihar	5412	21697	27109
4.	Gujarat	2642	7199	9841
5.	Haryana	1202	4126	5328
6.	Himachal Pradesh	207	2644	2851
7.	Jammu & Kashmir	577	1427	2004@
8.	Karnataka	3563	10437	14000
9.	Kerala	1802	9749	11551
0.	Madhya Pradesh	4893	17919	22812
1.	Maharashtra	7199	21705	28898
2.	Manipur	112	912	1024
3.	Meghalaya	318	1349	1667
4.	Nagaland	100	58	158
15.	Orissa	2715	14583	17298
16.	Punjab	1968	8349	10317
17.	Rajasthan	2068	7958	10026
18.	Sikkim	—	13	13
19.	Tamil Nadu	2009	15526	17535
20.	Tripura	64	753	817
21.	Uttar Pradesh	8862	39213	48075
22.	West Bengal	5193	13076	18269£
	Total (States)	57816	235588	293404
	UNION TERRITORIES			
23.	Andaman & Nicobar Islands	42	150	192
24.	Arunachal Pradesh	—	179	179
25.	Chandigarh	145	55	200
26.	Dadra & Nagar Haveli	—	40	40
27.	Delhi	2537	279	2816
28	Goa, Daman & Diu	153	229	382
29.	Lakshadweep	—	23	23
30.	Misoram	95	271	366
31.	Pondicherry	90	86	176
	Total (Union Territories)	3062	1312	4374
	Total (All India)	60878	236900	297778

(£)— Includes 2702 ration shops in statutoty areas covering population of 96.5 lakhs.
(@)— Break up of Fair Price Shops in urban and rural areas are not being indicated by the State Government. The figures are calculated on the basis of average FFS in urban and rural over last report.

Reply to parts (a) & (b) of the **Lok Sabha Unstarred Question No. 2324** on 7-12-1981.

ANNEXURE-VII

Area under forests in 1980

State/Union Territory	Forest area (Thousand hectares)
States	
Andhra Pradesh	6.409.2
Assam	3.070.8
Bihar	2.923.2
Gujarat	1,952.5
Haryana	163.7
Himachal Pradesh	2,119.0
Jammu & Kashmir	2.188.6
Karnataka	3,786.6
Kerala	1,112.0
Madhya Pradesh	15.389.0
Maharashtra	6.407.8
Manipur	1,515.4
Meghalaya	854.8
Nagaland	287.6
Orissa	6,767.3
Punjab	242.8
Rajasthan	3,491.3
Sikkim	260.0
Tamil Nadu	2,179.1
Tripura	593.2
Uttar Pradesh	5.139.2
West Bengal	1,183.7
Union Territories	
Andaman & Nicobar Islands	714.5
Arunachal Pradesh	5,154.0
Dadra & Nagar Haveli	19.9
Delhi	Neg.
Goa Daman & Diu	105 3
Mizoram	712.7*
Total	74 743 2

*Reserved Forest Area only.

SOURCE: Reply to **Unstarred Question No. 1165** in the **Lokh Sabha** on November 30 1981

Once, the setting of a royal durbar. Today, an exclusive conference venue.

Think of it. Your next conference in a royal palace in Mysore. The city — an oasis of tranquillity, at the foot of the Chamundi Hills.

The palace — where lifestyle spells magnificence. Your conference has a splendid setting. A Conference Hall and a Banquet Hall, where the decor is richly royal. And with it, full facilities — secretarial services, audio-visual equipment, microphones *et al.*

How about a holiday? Bring your seminar or conference to Mysore and discover a fascinating city. With its palaces, serene boulevards and parks.

Go sight-seeing to the island fortress of Srirangapatna, the Brindavan Gardens, the temple architecture of Halebid and Belur.

The Chamundi Hills with the famous Nandi Bull or the **Bandipur Wildlife Sanctuary.**

The ideal business-holiday tie-up.

For information and reservations, contact:

The Manager
Lalitha Mahal Palace Hotel
Mysore 570011 Karnataka
Tel 23650 Cables TOURISM
Telex 0846-217

Or

Ashok Reservation Services

	Tel	Cables	Telex
Delhi	350070	CENTRES	031-2468
Bombay	232722 233343	TOURISM	011-4171
Calcutta	440901 440922	TOURISM	CA-2307
Madras	88520 89672	TOURISM	041-7262

The Ashok Group

Lalitha Mahal Palace Hotel

Where conferring has never been more enjoyable.

India Tourism Development Corporation

ASP/ITDC/254 81A

SPECIAL ARTICLE

ne rural bank for one district

I. G. SHAH

this article, I am suggesting ertain proposals for restructur- the rural banking system in r. to enable rural credit to be- e an engine for rural growth.

Several efforts have been made the past to see that credit is lable to a rural borrower for his ll viable project. One of the s in this direction is expansion ranches in the rural areas. Con- rable progress has been made in regard, after nationalisation of king in India. The number of nches which was 8,321 on July has gone up to 32,419 as on e 30, 1980. This is almost four es. Population per bank branch gone down from 65,000 to 17,000 ing this period. The percentage rural branches to total branches also considerably improved dur- this period.

Out of 8,321 branches only 1,860 e in rural areas as on July 19, 9, while as on June 30, 1980, the nber of rural branches has gone to 15,101 out of a total of 32,419. hilarly the deposits have also e up from Rs 5,148 crores as the end of December 1969 to Rs 38 crores on a similar day in 9. Advances have similarly also e up during the corresponding iod from about Rs 3000 crores to 23,479 crores. If we examine ad- nces to agriculture and other ority sectors, total figure as on t Friday of December 1979 has en of the order of Rs 5,947 crores. e number of borrowers accounts s also increased to more than one re.

These are very impressive ures and one is led to believe at because of this outstanding ogress, every rural borrower ust be getting the required credit his small viable project. This not so. I do not have figures for e entire country, but I have been le to collect statistics with res- ect to State of Gujarat. Out of .275 villages in Gujarat as many as 7,908 villages are not under the command of any branch of any commercial bank inspite of the above phenomenal progress of branch expansion. A district-wise break-up is given below :-

Table : Districtwise bank branches

Name of the District	No. of villages covered	No. of villages which are not covered	Total
1.	2.	3.	4.
Ahmedabad	400	274	
Kheda	898	59	
Broach	868	269	
Surat	333	885	
Panchmahal	567	1,336	
Jamnagar	325	381	
Bhavnagar	700	179	
Sabarkantha	411	975	
Mehsana	478	606	
Banaskantha	712	639	
Bulsar	618	205	
Rajkot	600	259	
Surendranagar	425	223	
Deng	105	206	
Baroda	1,175	502	
Gandhinagar	50	25	
Kutch	349	551	
Junagadh	893	199	
Amroli	460	135	
	10,367	7,908	18,275

The next problem is that of coordination. There is no co-ordination even amongst the branch managers of branches of the same bank within a district. How can then a lead bank ensure co-ordination in a district amongst all branches of different commercial banks? They cannot then think of adequate co-ordination between supplier of credit on the one hand and suppliers of inputs/raw materials, improved skills, improved tools and markets on the other. Similarly there is no co-ordination of these programmes with rural infrastructure such as roads, electricity and water, though they are considered as vital needs of the rural development programme. If the country is to march on a massive programme of reducing poverty and un-employment through implementation of (a) family oriented integrated rural development programme, (b) employment oriented NREP Programme, (c) infrastructure based revised minimum needs programme and (d) inputs supplying and marketing agencies, these four programmes shall have to be co-ordinated with availability of matching rural credit. Speed of rural development and subsequent speed in eradicating poverty and unemployment in the country would considerably suffer if these five vital parts of the programme are not organically linked together at the district level.

Rural banking is completely different from urban banking. The history of the commercial banks in the country is such that commercial banks have been largely catering to the needs of inventory finance of the urban traders. An urban banker has developed a particular culture. Its orientation is entirely urban.

The banking function in a town/city is comparatively simple. A customer is known to the branch manager. He is in the same town or city and the health of the customer is known through the daily operation of his cash credit account. The branch manager is in a position to know the quality of the borrower. He is in a position to superivise daily the credit position of the borrower and if red signal is shown by the over-drawal of the cash credit account, he becomes active in arresting the deterioration.

On the other hand, the rural borrower is generally away from the seat of the branch. The branch manager is not oriented to do rural loaning. He is not in a position to appraise the viability of the project. He is not in a position to supervise the use of credit and cannot be effective in recovery. The income of the loanee is seasonal. Hence risk involved is greater.

In urban banking the banker has not to worry generally for other inputs like availability of raw-materials or inputs like improved skills, marketing of the produce etc. Bulk of the financing in urban areas is by way of inventory finance. Term finance is comparatively less and it is also being refinanced by the IDBI. The term loans are for viable pro-

---

Mr Shah is additional chief secretary the Government of Gujarat. The views xpressed here are personal.

jects which are appraised at level of officers above the branch. Health of a unit, which has been given term loan by a bank can be seen through the operation of its daily cash credit account. The increase in income of a small industrial unit stationed in the city or a town can be measured with a reliable degree of certainty but increase in the income of a rural borrower say, for a milch animal, depends upon a number of factors such as availability of cattle feed and fodder, collection, marketing and price of milk produced, animal health care, etc. In short what needs to be emphasised is that the character of rural banking is vastly different from that of urban one.

Several committees have gone into the problem of rural credit. The Narasimhan Committee which produced a report of Working Group on Rural Bank in 1975 has very succinctly identified the deficiencies of both the co-operative banks and the commercial banks with respect to rural credit. To mention them, in brief, the deficiencies of co-operative banks as indentified are :

(1) Inability to mobilise deposits;

(2) Managerial weakness due to elective nature;

(3) Dominance of vested interests again due to elective nature and hence very much inadequate coverage of marginal and small farmers as well as artisans and landless labourers;

(4) Non-overdue cover is inadequate-partly because of scarcities and largely because of inadequate capacity to recover due to political pressures. Similarly deficiencies of commercial bank, as identified by this committee are :-

(1) High establishment cost-because of very high salaries and perquisites;

(2) Urban outlook of staff and therefore, absence of dedication towards rural development;

(3) Area of operation of a branch of bank being extremely limited;

(4) Rural branches though increased considerably they have not yet covered all villages;

(5) Delays occur as an all-India bank cannot delegate adequate powers at branch or even at a district level;

(6) Inadequate appreciation of local needs and consequent absence of flexibility;

(7) Deposits mobilised in rural areas are utilised in rich and urban areas;

(8) Absence of extension approach.

With due apology to the members of this committee, though they have admirably identified actual weaknesses of both the cooperative and commercial banks, they suggested creation of a regional rural bank. Such a third institution has to work in competition with the other two earlier ones. Though their deficiencies have been ably identified, no solution has been suggested for the same. It is obvious that regional rural bank cannot cater to the credit needs of those who have borrowed or are borrowing from these two institutions especially when many of them are defaulters. No arrangements have been suggested for such a large majority of existing borrowers. Regional rural banks are supposed to cater to the needs of new borrowers, who are either very poor and therefore, very risky. A surgical operation was necessary. Creation of regional rural banks has however, increased the disease of a patient, which was suffering from the deficiencies already pointed out.

Rural borrowers could generally be divided into three broad categories, namely :—

(a) Agricultural especially small and marginal farmers who want to improve yields as well as to earn through supplementary occupations.

(b) Landless labourers, who want to acquire certain income generating assets like milch cattle, sheep, poultry, piggery etc.

(c) Artisans, who want to develop improved skills, get raw materials and be able to market their products.

These borrowers can repay their loans only if income of borrower increases as expected. This cannot happen only through rural lending. As I mentioned earlier, rural lending should be synchronised with (a) grant of subsidy for acquisition of assets through IRD, (b) rendering help in terms of improving skills, supplying of improved tools, inputs and raw material and arrangements for marketing the produce through creation of either commodities-wise agencies such as Khadi Board, Handloom Board, Leather Development Corporation etc or through district and taluka level sales and purchases Unions with respect to commodities like soaps, edible oil etc.

As I emphasised earlier, recovery must be made and therefore, credit must be made available only for viable schemes. There should
be proper supervision on credit
There should be a timely availab
of all other inputs along with
dit. There must be a climate for
organisation for full recovery of
instalments due. There is, theref
no scope for competition ei
amongst commercial banks or
ween commercial banks on the
hand and the co-operative banks
the other. What is needed is
integrated systems approach
only with respect to rural cr
alone, but also for rural developm
as a whole.

It is, therefore, imperative
there must be only one rural b
for each district. It should mob
deposits from the rural areas
utilise it in the same district
rural development, and where
necessary, should get supplemen
by the commercial banks as well
ARDC and RBI. It must hav
professional board of managem
It should have a majority from
sponsoring bankers as well as f
Reserve Bank of India and AR
and minority should come f
those who represent agencies s
plying inputs namely IRD/NR
district sales and purchase uni
agencies supplying improved sk
as well as agencies supplying inf
tructure, such as electricity, ro
and water.

As recovery depends on the l
political pressure, the board
management should be directly
ponsible to a sponsoring all-In
bank, representatives of the st
level agencies referred to ab
should be there on the board
management with a view to ensur
that the loanee and his project
viable and that all necessary help
available so as to enable the b
rower to increase his income. T
all rural branches of all commer
and co-operative banks should
amalgamated and be brought un
the control of one single dist
rural bank, which must h
branches through the length a
breadth of the district, depend
upon the number and nature
borrowal accounts.

It could have talukawise
block-wise supervisory organisatio
All outstanding dues to be recover
from the existing borrowers sho
be brought on the account books
the proposed single district ba
and recovery of these amounts sho
be phased out as per the capacity
each borrower. This should be
sessed independently by the spec
staff of each branch of the distr
bank.

The state government should adequate legal powers to these ks to recover their dues as arrears and revenue to avoid recourse to t litigation. The charges on the duce should be effectively en- ed before the borrower markets same. All land improvement pro- mmes such as command area deve- ment, water-shed development, which are viable should be fin- ed as a project by these district nks to be executed by technically l administratively competent ncies such as area development thority or land development poration.

As I have suggested representa- n of matching contributors of al development on the district nk's board of management, corres- ndingly, representation of the dis- ct bank should be on the manage- nt of IRD/MREP/DPAP agencies, nctional boards, district sales and rchase unions, district planning ard and organisations with regard improvement of skills at the dis- ct etc. Such representation on ch other's board of management the district level will ensure co- dination and, optimum utilisation local resources. Increasing the come of rural families, which is jective of rural development will en be speedily realised.

All existing employees of the ral branches of the banks may ork on the establishment of the roposed new district bank on their isting terms and conditions. The w entrant should be on state gov- nment pay-scales as recommended the Naramsihan Committee. Op- on could be given to the existing nployees to go back to their parent ganisation so that more and more aff which is rural oriented and hich is specially trained in rural evelopment are available at the istrict bank and in the branches in e district.

A training institute should be pened for each district or for a roup of districts, so that trained an-power is available. The content f training should not be limited nly to rural banking but also to over all subjects of rural develop- ent. There should be adequate taff to supervise the credit and ther inputs, which are expected to enerate increasing income of the ural borrowers and similarly there nust be adequate staff to ensure imely and full recovery.

A state government should not e authorised to issue any stay order against recovery of any overdues of the district bank. The performance of a rural bank staff should be judged not only by the number of borrowal accounts, not only by the adequate supervision and utilisation of credit, but also with respect to timely and adequate recovery. In times of crises like famine or severe scarcity, banks should certainly come to the help of the borrowers by appreciating their repayment capacity but it is a bank and bank alone which should take decision on each individual case in the matter.

I propose that this idea be tried on a pilot basis either in some states as a whole or in a few districts in each state. I am quite confident that if a systematic approach is adopted towards rural development as proposed, it would considerably hasten the speed of rural development in our country.

TAX DEDUCTION AT SOURCE IS OBLIGATORY

IF YOU are responsible for paying any

- SALARIES
- INTEREST exceeding Rs. 1,000/- by credit or otherwise (other than Interest on Securities)
- AMOUNT TO A CONTRACTOR OR SUB-CONTRACTOR by credit or otherwise where the value of the contract exceeds Rs. 5,000/-.
- WINNINGS exceeding Rs. 1,000/- FROM LOTTERIES OR CROSSWORD PUZZLES, OR FROM HORSE RACING in excess of Rs. 2,500/-.
- OTHER SUM TO A NON-RESIDENT (other than Interest on Securities or Dividends).

You are liable :

★ to deduct tax at the appropriate rate therefrom.
★ deposit the tax deducted to the credit of Government within the time allowed.
★ file the appropriate statement with your I.T.O., indicating the deduction made

Meet your liability well in time
DEFAULT ATTRACTS PENALTY

For Further details and guidance approach your I.T.O. or the P.R.O. in the office of the Commissioner of Income-tax.

For attention of recepients

If you are in receipt of any income from the sources mentioned above and your total income justifies deduction of tax therefrom at a lower or NIL rate, you can approach your, I.T.O. for a certificate showing such lower rate applicable to you and the person paying the income will then deduct tax only at that rate.

PAY TAXES RIGHT-BUILD NATION'S MIGHT

DIRECTOR OF INSPECTION
(Research Statistics & Public Relations)

INCOME-TAX DEPARTMENT
New Delhi-110 001

davp 81/295

INDO-EEC JOINT COMMISSION

Hurdles in capital flows to India

From **ARVIND BHANDARI**

NEW DELHI

THE first meeting of the recently set up Indo-EEC Joint Commission for Economic and Commercial Cooperation starts in New Delhi today as a follow-up to ratification by both the sides of the new wide-ranging agreement between India and EEC.

The EEC delegation is headed by Mr Wilhelm Hafercamp, vice-president of the European Commission, and the Indian side is led by Mr Pranab Mukerjee, Finance Minister. The visiting team will also have discussions on January 25 with the Federation of Indian Chambers of Commerce and Industry. Later it will have discussions with the Indian Merchants' Chamber at Bombay and the Indian Chamber of Commerce and the European Chamber of Commerce at Calcutta before returning on January 28.

Since the new wide-ranging agreement has a much larger ambit than the earlier five-year December 1973 agreement, which was confined only to trade, the joint commission meeting will discuss proposals pertaining to not only trade and EEC aid but also investment and other forms of economic cooperation. When it comes to brass tacks, and the wheat is separated from the chaff, the real difference between the new agreement and the one it supplants is that now efforts are to be made to also encourage capital flows from EEC to India. This is not going to be easy.

Discussions I had for three days with different officials at the EEC headquarters in Brussels some time ago left a strong impression that private investors in member countries of this organisation are rather put off by India's restrictive policies in regard to foreign investment, not to speak of the nightmare of miles of red-tape. A senior official in the external relations division of EEC clearly stated that this country would have to open her door if she wanted inflow of foreign capital. European businessmen, like their counterparts elsewhere, had a natural preference for controlling equity and, according to him, it was puzzling that India should insist on denying this privilege to foreign investors even where it was in the interest of the country. Furtherfore, if there had to be selectivity, it should be based on a clearcut policy and not exercised as a project-by-project clearance, which led to bureaucratic delays and not unoften misuse of the power of individual discretion.

Another EEC official, dilating on the same theme, pointed out to me that even representatives of the Santa Cruz free trade zone had visited EEC to scour for potential investors and drawn a blank "because of Indian policies and procedures". Most countries of Asia had more attractive investment policies for foreigners compared with India.

In a general sense the philosophy that control of an enterprise should remain in Indian hands is unexceptionable. But there is no doubt a case for making the rules on foreign investment more attractive at least in those areas where the inflow is clearly to the country's advantage, especially when keeping the foreign exchange reserves at a safe level is becoming a constant concern. Again, some absurdities could also be removed. We can have equity participation by the Arabs even if they do not bring technology—which in any case they do not have—but not by the Europeans. What is the difference? Foreign equity is foreign equity whether it is petro-dollar, deutsche mark, franc or any other. These political cobwebs will have to be cleared and some unnecessary barriers lowered if India is serious about the new Indo-EEC agreement developing into a reality.

Even if the prospects of Indo-EEC joint ventures in India on a substantial scale are none too bright, possibilities of industrial collaboration in third countries should be explored. India's comparatively cheaper technical manpower and labour as well as intermediate technology should make it an attractive collaborator for West European entrepreneurs. This was conceded by the EEC officials during my meetings with them and is bound to come up for important discussion at the join commission.

A major area of discussion wil naturally be trade, which is the mai form of economic contact betwee India and EEC. At present India ha an adverse trade balance with EE of $ 694 million. While India expor ted $ 2,501 million worth of good to EEC in 1980, her imports amounte to $ 3,195 million. Though India' exports to EEC increased by 210 pe cent between 1973 and 1980, India' imports from EEC, mostly of equipment and machinery, increased b 280 per cent during the same period Despite this, India's exports amounted to 0.7 per cent of EEC's tota imports, showing how much scop there is for further expansion o Indo-EEC trade.

India's export of yarn, cotto fabrics and clothing increased from $ 38 million in 1973 to $ 499 millio in 1979 in monetary terms, but quantity-wise there was a decline from 77,000 tonnes in 1973 to 75,000 tonnes in 1979. This is because India has not been able to fully utilise its quota to EEC countries. According to EEC statistics, in 1980 India utilised only 23 per cent of its cotton yarn quota, 60 per cent of cotto fabrics quota, 96 per cent of T-shirts quota, 69 per cent of women's blouses quota and 50 per cent of men's shirts quota. Non-utilisation of quotas is because of two reasons: red-tape and tardy export procedures at the Indian end; itemwise discrepancy between India's export capability and the quota fixed.

India has repeatedly requested EEC to not only change the present system of countrywise quotas but also to modify the quotas of different items as well. For instance, while India will not be in a position to export cotton yarn in substantial quantities, she can increase export of items like T-shirts. Secondly, the country-wise quota prohibits India from exporting more to countries like West Germany or Britain where Indian textiles have a better market. It is not much use getting quotas for countries like Italy, for instance,

Continued on page 149

DO-EEC JOINT COMMISSION

Cooperation of business and industry ought

om **MALCOLM SUBHAN**

BRUSSELS

RELATIONS between India and the 10-nation European Economic ommunity were in the doldrums or some two years while the new ooperation agreement was being egotiated. It will be interesting, herefore, to see whether the first meeting of the new joint commission ill succeed in reinvigorating them. he meeting, after all, is being chaird by the two key figures in Indo-EEC elations: India's Commerce Minister, Mr Shiv Raj Patil, and the European Commissioner for External Relations, Mr Wilhelm Haferkamp.

What is more, during his visit to New Delhi Mr Haferkamp will meet both the Prime Minister, Mrs Indira Gandhi, and the Minister for External Affairs, Mr P. V. Narasimha Rao. Together they should be able to provide the necessary political impetus to a relationship which has grown increasingly important over the years, given that the EEC today accounts for over a quarter of India's total exports and imports.

Both India and the EEC will have to prove they attach political as well as economic importance to their relationship; otherwise the new joint commission, like its predecessors, is certain to find itself reduced to dealing with such minor issues as the level of aflatoxin in oilcakes; the size of the quota for cotton yarn; the number of specialised trade fairs India can participate in under the EEC's trade promotion programme, the tariff on unmanufactured tobacco under the Community's generalised system of preferences, etc.

These are important questions, no doubt. But they do not require a comprehensive trade and economic cooperation agreement and the machinery of a joint commission and sub-commissions. They could as well be dealt with at the level of first secretaries, so that India's ambassador to the EEC, and senior Commission officials, can devote their time to more basic issues.

It will not be easy. This is partly because the EEC tends to treat all trade problems, however small, as major ones. Under the Treaty of Rome setting up the EEC, responsibility for all trade matters lies with the Community—*i.e.* they should be handled by the European Commission. But as the member states are reluctant to give up their sovereignty, they insist on keeping the European Commission pretty much under their thumb.

The Commission, as a result, is forced to spend much of its time on relatively minor issues, whereas it should be trying to chart the course of the Community's relations with third countries, including India over the next 5 to 10 years. From the FEC's point of view India is a minor trading partner, accounting for well under 1 per cent of its trade with third countries—and under 0.5 per cent of its total trade (*i.e.* intra- as well as extra-Community trade).

Under these circumstances the Common Market capitals could easily give the European Commission a free hand in dealing with India. This would allow small problems to be disposed of with a minimum of fuss. New Delhi, consequently, would accord much greater credence to the Community's assurances that it is not restrictive as regards imports from India. In its turn it would look beyond the EEC's tariffs on castor oil and shrimps.

The new commercial and economic cooperation agreement is meant to provide the two sides an instrument for achieving just such a relationship. As Mr Haferkamp put it, the agreement provides a "flexible and dynamic platform for the evolving economic partnership" between India and the EEC. It allows the two sides to "identify areas of mutual interest and to create favourable conditions for economic ventures."

The task of the joint commission, in other words, is to create the conditions which investors, producers and traders can take advantage of "to fill the agreement with real economic life" in Mr Haferkamp's phrase.

This implies that the business and industrial communities will have to be closely associated with the implementation of the new agreement. As economic operators, they will have to tell the joint commission—and through it the various member governments—just where the constraints to an effective commercial and economic cooperation lie.

As a step in this direction the European Commission is organising a series of information seminars in four major Indian cities. Their theme—"Problems and Prospects of Indo-EEC Relations"—points to a candid recognition that the relationship faces problems but also contains an invitation to look beyond them.

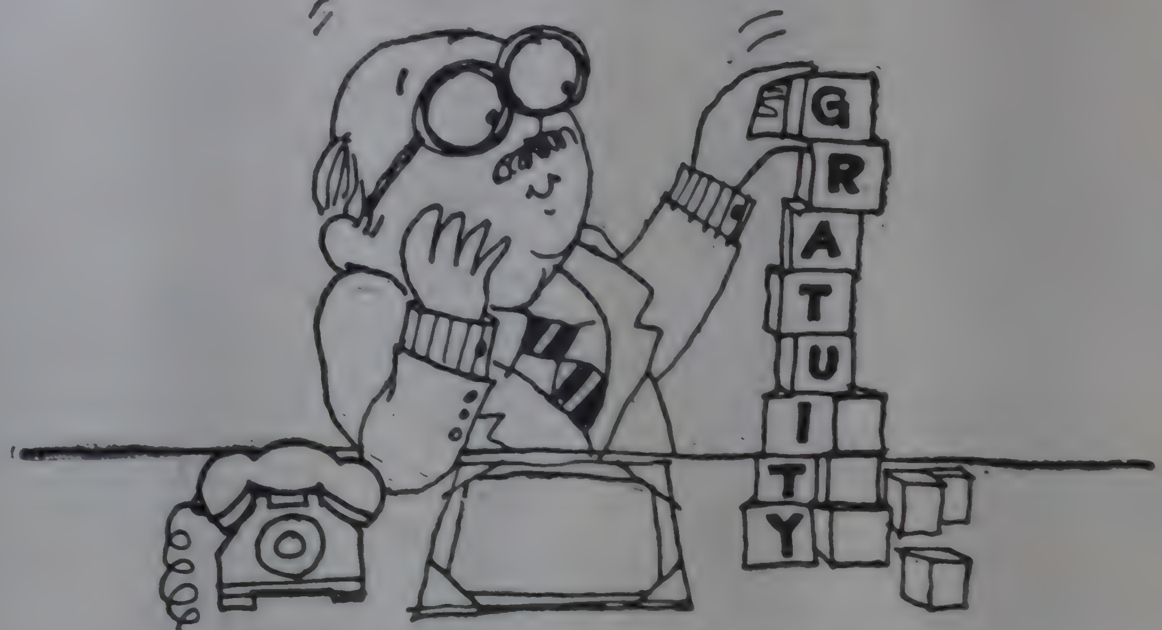
To help Indian businessmen and industrialists do just this the Commission has brought a large team, capable of discussing all aspects of Indo-EEC relations. The seminars in fact will deal with not only the salient features of the new agreement but also industrial cooperation, the Community's GSP, trade promotion, food aid and even textiles.

Their success will require the active participation of businessmen, industrialists and traders. Through their questions and comments they will give the European Commission the information it needs to draw up the work programme of the Joint Commission in cooperation with India's Mission to the European Communities.

The seminar in Bombay was held on January 20 and was organised in cooperation with the Indian Merchants' Chamber.

Increase your IQ

(Image Quotient)



LIC'S GROUP GRATUITY SCHEME

Builds up the image of your organisation and provides added financial security to the employees.

Scientific funding:

The scheme funds the employer's liability in a scientific manner. It ensures immediate and timely gratuity payment to the dependants if anything untoward happens to an employee. The amount payable is calculated on the anticipated total service up to the age of superannuation of the employee.

Flexible:

The scheme can be programmed to suit specific individual requirements and is designed to relieve the employer of the problems of investing yearly contributions on his own.

Year after year, more and more progressive employers are going in for LIC's Group Gratuity Scheme.

Isn't it time you did?

For further particulars and free advice get in touch with the nearest office of LIC or the G & S Department, Life Insurance Corporation of India, Central Office, Yogakshema, Jeevan Bima Marg, Bombay 400 021

Life Insurance Corporation of India

RADEUS/LIC/G-9-80

urdles in capital flows to India

uded from page 146

re Indian textiles are unable to trate the market.

At the joint commission meeting, efore, India is likely to request that it should allot total quota the entire EEC countries with option to India to utilise it erever it has a ready market. o likely to be taken up is the ques-n of revision of itemwise quotas as to reduce the quotas for items lia cannot supply and increase quotas for items this country is ll-poised to export. EEC, how-er, argues that India should try to netrate the markets, where Indian ctiles are not popular, by increased ide promotion and introduction of w designs to suit the tastes of ese markets instead of concentra-ig her marketing efforts in a few C countries only. If my discus-ns at Brussels are any indication, e EEC delegation is likely to take hard line on the quotas question d it would take a lot of effort to ake it budge from its position, if all. The feeling at the EEC head-arter was that the quotas are ready hurting the member coun-ies.

Most of the EEC aid, which amounted to 180 million dollars in 1981, goes to the Lome Convention countries belonging to Africa and the Carribean. Among the other countries, India is the biggest recipient. In the past the total EEC aid and India's share have been as follows :

Year	Total	India's share
1976	$ 20 m	$ 6 m
1980	$ 140 m	$ 32.5 m
1981	$ 180 m	$ 43 m

Actually these figures should be not in dollars but ECUs (or European Currency Unit) which is the EEC unit of account and is based on a basket of West European currencies. Since 1 ECU is presently equal to about 1.1 dollar, to this extent the above figures would need to be slightly adjusted. In addition to the above aid, which in the last two years has been going mostly into agrarian projects, India also gets food aid. For instance, EEC assistance has been going to ARDC, a soyabean project in Madhya Pradesh, a drought-prone areas project in UP, a water supply scheme in Himachal Pradesh and an afforestation project in West Bengal.

Officials in Brussels admitted that the increase in EEC aid from $ 32.5 million in 1980 to $ 43 million in 1981 represented only an adjustment for inflation and not any meaningful increase in real terms. This is yet another indicator of the worsening aid climate. As for China, she will eventually get EEC aid, but at present the question is being discussed at the political level.

Some other proposals likely to be discussed at the Indo-EEC joint commission meeting are : setting up of an EEC-India business council consisting of chambers of commerce on both sides; establishment of an EEC mission in New Delhi; joint programmes of research and development in the fields of energy and environment; EEC assistance for arranging fairs and exhibitions in Europe; EEC assistance for arranging concessional finance of Indian financial institutions.

Pig iron crisis

Sir, — This is with reference to he editorial "Foundries : Pig Iron Crisis" in *Commerce* dated December 2, 1981. The reference to UP Small ndustries Corporation charging Rs 3 per tonne for merely endorsing R/R for pig iron in favour of the consuming units and collection of security deposits @ Rs 2,500 per tonne "per box wagon" gives an impression that UPSIC is indulging in profiteering and has no regard for the difficulties of the consuming units. In this connection I wish to point out that prior to June 1, 1980, Steel Authority of India Ltd was distributing pig iron directly to the units. The rates of Rs 73 per tonne for delivery from railway yard and Rs 93 per tonne for delivery from raw material depot are in consonance with the decision of the Government of India and these are the rates which the Small Industries Corporations all over the country are charging. The work of distribution of pig iron does not entail mere endorsement as is stated, but also involves constant liaison with Iron & Steel Controller and SAIL for delivery of pig iron against the allotment. Our corporation, on its part, has been making every effort to get our due share of pig iron in the context of general shortage. Arrangements are being made to import 10,000 tonnes of pig iron for distribution to SSI units also. The corporation charges a security deposit of only Rs 50 per tonne of the assessed capacity and not Rs 2,500 as mentioned. This is being done in other states. This is being done in order to ensure the commitment of small scale units that they will lift the material once it is purchased. The general experience of most of the corporations has been that once for some reason or the other raw material is available easily in the market, Small Industries Corporations who purchase these raw materials on behalf of SSI units are faced with the problem of heavy inventory as the units do not abide by their commitment to lift the materials purchased on their behalf.

Another impression I would like to correct is that the corporation has been in the red and distribution of pig iron has helped reduced losses. The profit for the year 1979-80 was Rs 24.96 lakhs and at least this corporation has never been in loss ever since its inception.

R. A. Verma

Public Relations Officer,
Uttar Pradesh Small Industries
Corporation Ltd
Kanpur.

To The Editor

LETTERS

COMMERCE WEEKLY
Manek Mahal, 90 Veer
Nariman Road, Bombay-400 020

BOOKS & IDEAS

Tackling rural backwardness

Area Planning and Rural Development

By D. M. Nanjundappa

Associated Publishing House, New Market, Karol Bagh, New Delhi-110 055; *Pages* 52; *Price Rs* 30.

One can find a plethora of literature on the subject of removing poverty. All books on the subject, especially on development planning, no doubt, suggest a solution for tackling the problem of the poor in rural areas. However, it is really surprising that an operational approach that would make a marked dent in poverty, is not readily available for application. The main reason for this is that the problem is so baffling that no clear-cut answer can be said to have been developed in either the advanced or the backward nations.

The author, Prof. D. M. Nanjundappa, a distinguished economist, presently serving with the Government of Karnataka, has tried to present in the book under review an analytical exposition of the area planning in theoretical terms. He has urged the substitution of the technocratic approach by a reformist approach. He has tried to focus attention on the injustice meted out to the rural sector in the process of rural development and highlighted the policies required for bringing about income re-distribution in favour of the rural poor and for establishing a balance between rural and urban programmes and policies, farm and non-farm relations and intra-rural class conflicts.

The author has skilfully set out various prerequisites in adopting area planning approach which covers not only economic progress but also social progress of the poor in rural areas. While discussing the mechanics of area planning, he has considered various aspects like unit planning, choice of strategy, centralisation and decentralisation in planning and administrative systems, national policies covering land tenure, commodity pricing, marketing, wages, credit structure and farm and non-farm relations.

He has illustrated the point by citing the case of Karnataka Government which has adopted the area planning approach for rural development. To make a breakthrough, an innovation of the type adopted in Karnataka, the land tribunals, is very much necessary. The law of the country should fully reflect the socio-economic objectives of the development process.

Further, the analysis of area planning has thrown light on certain major issues. Class conflicts between urban and rural demands and farm and non-farm relations, is a major problem and has resulted in conflicts in various spheres. He has suggested harmonising these conflicts to provoke ruralism and set up dynamic relationships conducive for rural development.

Mechanics of area planning calls for radical changes in planning procedures and implementation. Rural development, according to the author, is a Herculean task involving economic, social, political and cultural aspects and harmonising of various conflicting relationships. To enable to deploy the instrument and fulfil the pre-requisites of area planning for rural development, the process imposes tremendous strains on planning strategy, administration, management, and people's involvement. The constraints are because of poor understanding of the rural life on the part of the planners. In addition, there is the red-herring of bureaucratic compartmentalisation. But making allowance for all these, the author is confident that area planning could be adopted as an approach to rural development.

The book will be useful to several persons including academicians, researchers, politicians, scientists, technologists, students and for each of those who wish to unravel the intricacies and get the solution for rural development. It is an invaluable companion volume to any book on planning. It is also expected to serve as an useful guide for policies on rural reconstruction which is, incidentally, the major theme of the eighties and shall continue to dominate the thinking in the coming decades.

Raghu

Aid with ulterior motives

Economic Relations with the Developing World

By E. S. Nukhovich

Sterling Publishers Pvt Ltd, AB/9, Safdarjung — Enclave, New Delhi 110 029; *Pages* 112 + *xiv; Price Rs* 35.

The central idea of this book is to prove that the 'aid' from various sources to the developing countries is not wit ulterior motives. It is alleged that developed countries 'by their policy economic 'aid' are obstinately striving prevent a democratic solution of the blem of economic development.'

After a scathing attack on the d loped economies like the USA, Fra Britain, Germany and Japan, the aut prescribes 'world socialist system' as 'reliable' remedy. "The growing might the world socialist system serves a reliable support for furthering the strug of the liberated countries to consolid their political (gains) and achieve eco mic independence, to rid them of forms of oppression, exploitation a *diktat*." He also claims: "The Sov Union and all other progressive for the world over are among the frontli fighters for the basic interests of t developing nations, for peace, securi cooperation and social progress."

In this three chapter book, fi chapter sets out background for the su ject matter and the last one contains invitation: 'come within our folds, w shall not exploit you like Americans an others.' The second chapter: 'the strate of multinational corporations' is an a tempt to illustrate how multination companies of the developed nations 'e ploit' the developing countries of As Africa and Latin America. The auth cautions while concluding his argumen against multinationals in these words "imperialism takes advantage of the i creasing unevenness in the developme of the young states to further explo them by economic, financial and techn logical means, and to create new form of their dependence on the industria capitalist states and the multinationals.'

While the arduous manner in whic the arguments against imperialism, capi talism and multinationals have been ad vanced is laudable, the author, in shee enthusiasm or anger to condemn the wes tern countries, also puts forth such childish arguments like seeking parity in wages of workers in the affluent countries and in the developing ones. It is true that there have been some maladjustments in the prices of petroleum oil by the oil-exporting countries, but it would be just altruism to conclude that there is no possibility of crisis and that its fear has been 'brought about rather artificially'.

Surprisingly, for such an important issue, the author depends on a public opinion survey conducted in the US wherein a majority of the respondents are said to have opined that the 1973 oil crisis was 'fabricated'. Instead, he should have taken pains to gather technical forecasts made by experts in different parts of the World.

Although in the preface the author describes the book as 'an attempt to analyse the nature and scope of the aid be-

eceived by the developing countries
o bring out the essential difference
e assistanse from the socialist coun-
and the Western nations', it has just
me a propaganda piece devoid of
kness and unbiased opinion but full
deological' hatred and conviction.

H. C. Upadhyay

OOKS RECEIVED

Multiplying Management Effectiveness Philip Marvin, published by Tarapore- . Publishing Industries Pvt Ltd, 67, G. Deshmukh Marg, Bombay 400 026; es 220; Price Rs 60.

Initiative and Managerial Power Raymond F. Valentine, published by aporevala Publishing Industries Pvt , 67, Dr G. Deshmukh Marg, Bombay 026; Pages 168; Price Rs 50.

How to Run Better Business Meetings B. Y. Auger, published by Taraporevala Publishing Industries Pvt Ltd, 67, Dr G. Deshmukh Marg, Bombay 400 026; Pages 202; Price Rs 60.

Making it Happen by J. Keith Lovden, published by Taraporevala Publishing Industries Pvt Ltd, 67, Dr G. Deshmukh Marg, Bombay 400 026; Pages 186; Price Rs 60.

How Industrial Advertising and Promotion Can Increase Marketing Power published by Taraporevala Publishing Industries Pvt Ltd, 67, Dr G. Deshmukh Marg, Bombay 400 026; Pages 150; Price Rs 65.

There is a Better way to Sell by Sidney Edlund, published by Taraporevala Industries Pvt Ltd, 67, Dr G. Deshmukh Marg, Bombay 400 026; Pages 288; Price Rs 60.

Formula for Success by Lawrence A. Appley, published by Taraporevala Publishing Industries Pvt Ltd, 67, Dr G. Deshmukh Marg, Bombay 400 026; Pages 146; Price Rs 50.

Climbing the Corporate Pyramid by Martin R. Miller, published by Taraporevala Industries Pvt Ltd, 67, Dr G. Deshmukh Marg, Bombay 400 026; Pages 144; Price Rs 50.

Situational Management by Howard M. Carlisle, published by Taraporevala Publishing Industries Pvt Ltd, 67, Dr G. Deshmukh Marg, Bombay 400 026; Pages 198; Price Rs 65.

Basic Financial Management by Curtis W. Syononds, published by Taraporevala publishing Industries Pvt Ltd, Dr G. Deshmukh Marg, Bombay 400 026; Pages 168; Price Rs 50.

A Design for Business Intelligence by Curtis W. Symonds, published by Taraporevala Publishing Industries Pvt Ltd, 67, Dr G. Deshmukh Marg, Bombay 400 026; Pages 176; Price Rs 50.

A Manager's Guide to Speaking and Listening by J. Campbell Connelly, published by Taraporevala Publishing Industries Pvt Ltd, 67, Dr G. Deshmukh Marg, Bombay 400 026; Pages 136; Price Rs 38.

NEW ARRIVALS November 1981

GOVERNMENT OF INDIA PUBLICATIONS

S.No.	Title	Price
1.	Specifications 77 Central Public Works Department, New Delhi Vol. I (Print 1981) PCPWD. 36	50.00
2.	Annual Survey of Industries 1977-78 Summary Results for Census Sector Vol. I (Print 1981) PCSO. 29. 1977-78 (I)	10.50
3.	Annual Survey of Indusries 1977-78, Summary Results for Census Sector, Vol. II (Print 1981) PCSO. 29. 1977-78 (II)	18.85
4. •	Statistical Abstract India 1979 (Print 1981) PCSO.1.79	159.00
5. •	Annual Report of the Central Bureau of Investigation 1980 (Print 1981) PDP. 29. 80	5.00
6.	Statistics of Foreign and Coastal Cargo Movements of India April 1976 to March 1977 Vol. II (Print 1981), PDGCIS. 92. 77. II	40.00
7. •	Bulletin on Food Statistics 1980 (Print 1981) PDES. 28. 80	126 50
8.	Indian Agricultural Statistics, Vol. II (Districtwise) 1970-71 to 1973-74 भारतीय कृषि सांख्यिकी खण्ड II जिला प्रनुसार 1970-71 से 1973-74 (Print 1981) PDES. 20. 70 74 (II)	650.50
9.	Silviculture of Indian Trees Vol. II. Dipterocar paceae (Print 1980) PFRI. 170	41.50
10.	Revision of the Termite Census Odontotermes Holmgren (Isoptera : Termitidac : Macroctermitinac, from India (Print 1981) PFRI. 23. XIV. 2	40.00

S.No.	Title	Price
11.	Descriptive List of Mutiny Papers in the National Archives of India, Bhopal Vol. V (Print 1981) PDA. 38	57 50
12•	Census of India 1971, Series 7, Himachal Pradesh Pt. VI-B, Special Survey Reports on Selected Towns, Chamba Town (Print 1981) PRG. 16. 71 (HP) (N)	8.25

For all your requirements of Government Publications released by various Ministries/Departments of the Government of India, the Periodicals and Gazette of India (all parts), please contact any of our Sales Depot/Counters or book your orders and address enquiries to the undersigned.

		Tel. No.
i)	Kitab Mahal, Baba Kharak Singh Marg, State Emporia Unit No. 21, New Delhi.	343708
ii)	Book Depot, 8 K.S. Roy Road, Calcutta.	233813
iii)	Sale Counter Udyog Bhavan, Gate No. 13, New Delhi.	372082
iv)	Sale Counter, U.P.S.C. Dholpur House, New Delhi.	383991
v)	Sale Counter Headquarters, Civil Lines, Delhi-110054.	227821 25 227800

These publications can also be had from our authorised agents and Salc and Return Agents (including State Governments) all over tbe country and abroad.

Address your enquires to :

MANOHAR SINGH
ASSTT. CONTROLLER
(SUPPLY)

AMRIK SINGH
CONTROLLER OF
PUBLICATIONS

• These publications are not yet released for sale for want of instructions from the Sponsoring Departments.

davp. 81/255

This is only an announcement and not a prospectus

TVS Sundram Fa

Regd Office : 1

(Incorporated on Dece

ANNOUNCEMENT REGARDING THE IS FOR CASH AT A P

Applications have been made to the stock exchanges at Madras and Bombay for permission to deal in and for an official quotation for the equity shares of the company.

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON MONDAY, FEBRUARY 1, 1982, AND WILL CLOSE, AT THE CLOSE OF BANKING HOURS ON THURSDAY, FEBRUARY 11, 1982, OR EARLIER AT THE DISCRETION OF THE BOARD OF DIRECTORS OF THE COMPANY, BUT NOT BEFORE THE CLOSE OF BANKING HOURS ON WEDNESDAY, FEBRUARY 3, 1982.

HISTORY AND BUSINESS

The Company was incorporated as a private limited company on 10th December 1962 in the name of Kasjax Engineering Ancillaries Private Limited in the State of Tamilnadu. The name of the Company was changed to Sundram Fasteners Private Limited on 13th July 1965. By virtue of Section 43A of the Companies Act 1956, it became a deemed public limited company on 31, March 1967. The Company converted itself into a public limited company by altering the Articles of Association by a special resolution passed on 10th August 1981. The company is a member of the renowned 'TVS' group of companies.

The Company started manufacture of cold forged high tensile fasteners with a licensed capacity of 2,400 tonnes for which an industrial licence was obtained in 1969. The Company obtained an industrial licence in August 1980 for substantial expansion of the capacity to 6000 tonnes per annum. The Company has been able to establish itself as the market leader in the manufacture of high tensile fasteners under the brand name 'TVS'. The present installed capacity for manufacture of fasteners is around 6,600 tonnes per annum. The Company manufactures critical high precision fasteners for the automotive industry as also for other industries.

In 1977, the Company diversified into another new area of high technology by obtaining a licence for manufacture of 2,400 tonnes of cold formed/extruded parts for auto and non-auto applications. The present installed capacity for manufacture of cold formed/extruded components is 600 tonnes per annum.

The Company proposes to set up a plant at Hosur for manufacture of 2000 tonnes per annum of automotive powder metal parts for which it holds a letter of intent. Manufacture of powder metal parts is yet another field of sophisticated technology.

LOCATION

The Company's existing works for manufacture of fasteners are located at Padi, Chengalpattu District and at Krishnapuram, Arasakulam, Aviyur, Ramnad District. The plant for manufacture of cold formed/extruded components is located at Harita, Hosur, Dharmapuri District. All the factories are located within the State of Tamilnadu.

OBJECTS OF THE ISSUE

The objects of the present issue are (i) to comply with one of the conditions, laid down in the order of Government of India, Department of Company Affairs, directing the Company to offer at least 49% of the equity capital of the Company to the public (ii) to provide a part of the finance for the Company's modernisation, replacement and product improvement programmes and (iii) to augment the long term working capital needs of the Company.

MANAGEMENT

Subject to the superintendence, control and direction of the Board of Directors, the Company is managed by Mr Suresh Krishna, the Chairman & Managing Director. Mr Suresh Krishna has been associated with the Company since inception. He has been the Managing Director of the Company since 1st July 1971 and the Chairman of the Board of Directors since 15th June 1979

BOARD OF DIRECTORS

Mr Suresh Krishna
Mr R Ratnam
Mr K Ramesh
Mr S Ram
Mr Venu Srinivasan
Mr A R Ramanathan
Mr K R Ramamani

REGISTERED OFFICE

180, Mount Road, Madras-600 006

WORKS

Padi, Madras-600 050

Harita, Hosur-635 109
Dharmapuri District

Krishnapuram, Aruppukottai Taluk
Aviyur Post-626 160, Ramnad District

SECRETARY

Mr V G Jaganathan
6, Sripuram Ist Street
Madras 600 014

LEGAL ADVISERS

Mr A R Ramanathan
'Lakshmi'
12, Kasturi Ranga Iyengar Road, I st Street
Madras-600 018

M/s Subbaraya Aiyar
Padmanabhan & Ramamani
42, Pelathope, Mylapore
Madras-600 004

Mr T Raghavan
25, Mowbrays Road, Madras-600 018

AUDITORS

M/s Sundaram & Srinivasan
Chartered Accountants
808, Mount Road, Madras-600 002

SHARE CAPITAL

	Rs.
Authorised:	
50,00,000 Equity Shares of Rs. 10/- each	5,00,00,000
Issued, Subscribed and Paid-up	
16,33,333 Equity Shares of Rs. 10/- each	1,63,33,330
Present Issue.	
15,55,555 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 4/- per Share	1,55,55,550
Out of which:	
(a) i) 71,125 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 4/- per Share payable in full on application are reserved for allotment to the employees of the Company.	7,11,250
ii) 31,250 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 4/- per Share payable in full on application are reserved for allotment to friends of the Directors, business associates of the Company being individuals and employees of such business associates	3,12,500
	10,23,750
Now offered to the public in terms of the Prospectus;	
14,53,180 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 4/- per Share are offered to public for subscription to which will be added the unsubscribed portion, if any, of the Shares reserved as mentioned in (a) above	1,45,31,800

TERMS OF PAYMENT

On application Rs. 7/- per Share	Consisting in each case payment of Rs. 5/- on capital account and Rs. 2/- on premium account.
On allotment Rs. 7/- per Share	

REGISTRARS TO THE ISSUE

M/s Radhavan Consultants
30, D'Silva Road, Mylapore
Madras-600 004

BANKERS TO THE COMPANY

United Bank of India
146, Broadway, Madras-600 001

State Bank of Mysore
231, N S C Bose Road
Madras-600 001

BANKERS TO THE ISSUE

STATE BANK OF INDIA
Plot No. 86-A & B IInd Main Road.
Ambattur Industrial Estate,
Madras 600 058

Or its main
Madras (Ra
Ahmedabad
Bombay (Bo
Coimbatore
(Bank Stree
Street), Nev
Pune (Main
(Main Branc

UNITED B
146, Broadw
Madras 600

Or its main
Ahmedabad
Building), B
Road) Barod
(P. M. Road
Street), Cha
Sector 17-C
Street), Mac
and New De

STATE BA
231, N.S.C.
Madras 600

Or its main o
Bangalore (A
(Dalal Street
(Sarojini Dev
Road), Myso
Delhi (Conna

CANARA B
5, Greams R

Or its main o
Agra (Dhivar
(Bhadra), Ba
(Calcot Hous
Road), Ernak
(Residency R
Road), Nagp
Itwari), New
(Goa, Mascar
(M.G. Road,
(Kotasafil Ro
(Kotwalpura).

INDIAN OV
'Chennai Hou
6, Esplanade,

Or its main o
Ahmedabad (
(61, M. G. M
Road); Calcut
Coimbatore (
Indore (Jawa
Ismail Road),
Marg), New D
Trichirapalli (

CENTRAL B
11, Second L

Or its main of
Ahmedabad (
(M. G. Road),
Jamnagar (M
(Meenakshi K
Road), New D
(Shukrawar P
Kulathangal B

BROKERS T

MADRAS

Paterson & C
3rd Floor, 48
Venkataramar

ners Limited

Madras-600 006
er the Companies Act, 1956)

55,555 EQUITY SHARES OF RS. 10 EACH
OF RS. 4 PER SHARE

d),
andvi),
),
abad
i
treet),
Surat

a
da
y
rt House
3/34.
nakara
eet)

bay
nderabad
(G.H.S.
and New

06.

ad
), Bombay
urne
Jammu
irhana
nd,
Panaji
une
at

llahabad
er Nariman
je Place),
reet),
(Mirza
n Sabha
ueenway),
Road).
A
as-600 001

ombay
fa Bazar),
), Madurai
ur (Station
Pune
Irum
oad).

use
each
Rangach

Road, Mylapore: Subramaniam & Co, 49 Second Line Beach; R M Ramanathan, 45 Armenian Stree, 1st Floor; Kothari & Sons, Post Box No. 3309, Eldorado Buildings, 5th Floor, 112 Nungambakkam High Road. Maconochie & Co, Post Box No. 291, Mercantile Bank Building, 30 Rajaji Road; V K Padmanabhan & Co, Nagarajan House, 45 Armenian Street; V S Krishnaswami & Co, Nagarajan House, 45 Armenian Street; Chitra & Co, 165 Linghi Chetty Street; Somayajulu & Co, 156 Thambu Chetty Street; Swastik & Co, 'Mercantile Plaza', 229/5 N S C Bose Road; Dalal & Co, Post Box No. 149, National Insurance Building, 224, N S C Bose Road

AHMEDABAD

At Manek Chowk: Champaklal Bhailal Chokshi, Nareshchandra Lalbhai Parikh, Kantilal Dahyabhai Shah, Chimanlal Lalbhai, Premchand Hathisingh, Lakhminarayan Nathulal Gupta, Rajesh N Jhaveri, Gordhandas N Gupta, 2nd Floor, Anandji Kalyanji Building, Opp: Dhanasuthar Pole, Relief Road; Chinubhai Chimanlal Dalal, Fatebhai's Haveli, Ratanpole.

BANGALORE

M Nanjappaiah Jahgirdar, 205 K Kamraj Road; Bhagya & Co., 8/4, National High School Road; L K S Murthy & Co., No. 17, 3rd Floor, Kempegowda Road; Vijay & Company, 9, Eleventh Main Road, Malleswaram; Lokkur & Co., Kempegowda Road; K Girija, 55, Tata Silk Farm, Basavangudi; Alan J Chaves, 19/3, Cunningham Road

BOMBAY

At Bhupen Chambers (Room No. etc in brackets): Bhupendra Champaklal Devidas; V B Desai; Maganlal T. Vora (23) S Ramdas; Lallubhai Ranchhoddas

At Stock Exchange Towers (Room No. etc. in brackets): D S Purbhoodas & Co., (1104/5); Harkissondass Lukhmidass (1207); Upendra M Dalal (604-A); Porecha Bros (811); Ajit Kumar C Kamdar (32, East Wing, 4th Floor); Dalal & Broacha (Table 6, 5th Floor); S D Jhaveri (7th Floor); Chimanlal J Dalal (606); Alkesh Dinesh Mody (9th Floor); Jaysukhlal Jagjivan (Table No. 7, 5th Floor, East Wing).

Other addresses :

M J Patel, 107 Stock Exchange New Building, Bombay Samachar Marg, L K Panday, Maharashtra Bank Building, 45/47, Bombay Samachar Marg, Vinay M Shah, 59, Bazargate Street, Bombay-400 001.

CALCUTTA

Khandelwal Bros, Wardley House, 25 Swallow Lane; G M Bosu, 7, Lyons Range; Brijnath Khandelwal & Co., 13, India Exchange Place; M M Murarka & Co., East Anglia House, 9th Floor, 3-C, Camac Street

COCHIN/ERNAKULAM

Abraham & Kuruvilla, 38/341 (1) M.G. Road; Joseph & Thomas, 197/7 Amulia Building, Banerji Road; A. Aaron & Co., Congress House, Hospital Road, Ernakulam

DELHI

At Stock Exchange Building (Nos. in brackets): Jalan & Co; L R Munjal & Co (46); Sikandarlal & Co (55); Dev Saigal & Co (10); R K Chugh & Co (6-54)

Other Addresses :

Bharat Bhushan & Co, H-45 Connaught Place; Amritlal Bajaj & Co, 606 Kailash Building, 26 Kasturba Gandhi Marg; Raja Ram Bhasin & Co, Jewan Mansion, 8/4 Desh Bandhu Gupta Road;

Vinod Kumar & Co, A-6 Connaught Place; Harbans Singh Metha & Co, 33 Regal Building, Parliament Street; H P Metha & Co, 602 Nirmal Towers, Barakhamba Road; J C Metha & Co, 308 Dreamland, 1/18B Asaf Ali Road: Surinder Rode & Co, 3-E/12, Jhandewalan Extension, Link Road, B D Agarwal & Co, Laxman House, Opp. Foreign Tourist Camp, 9/3 Asaf Ali Road, 3rd Floor;,

HYDERABAD

Laxminarayan Rathi, 4-5-173 Hasman Gunj, Sultan Bazar; P B Afzulpurkar & Co, 4-5-195 Sultan Bazar; S S Sodhi, 5-9-1110/3 King Kothi Road.

INDORE

Pushkarlal Ghudawala, 44 Bada Sarafa; Santosh & Co, 29 Dhenu Market, 1st Floor, S.G.S.I.T.S. Road

HOW TO APPLY

Application Forms along with copies of the Prospectus may be obtained from the Registered Office of the Company or from the Brokers to the Issue and Managers, Registrars and Bankers to the Issue or from any of the offices of the bankers to the issue specified above.

Applications must be for a minimum of 50 Equity Shares or multiples thereof.

HIGHLIGHTS

- The Company is the market leader in the High Tensile fastener field in India.
- Makes over 3,500 varieties of critical high tensile fasteners with technology matching the best in the world.
- Sales growth of over 400% in 4 years.
- Diversifying into other high technology fields such as cold extrusion and powder metallurgy.
- Eligible for substantial tax benefits arising out of its operations in Hosur and Krishnapuram, both notified industrially backward areas.
- Exemplary achievement in industrial relations; since commencement, the Company has not lost of a single man-day due to industrial unrest.
- Granted self certification for export by the Government of India. The only fastener manufacturer to have been accorded this recognition out of the 18 organisations in India so chosen.

MANAGERS TO THE ISSUE

CIFCO

CHAMPAKLAL INVESTMENT & FINANCIAL CONSULTANCY LIMITED

Regent Chambers
No. 208, Ceremonial Boulevard
Nariman Point, Bombay-400 021

ISSUE OPENS ON 1ST FEBRUARY 1982

Special Reports

Behind cabinet reshuffle

From ARVIND BHANDARI

NEW DELHI

THE announcement of a new 20-point programme and the cabinet reshuffle have come in such rapid succession that it would seem to suggest an intention on the part of Mrs Gandhi to dramatise her resolve to put her government in a more activist mould. Some observers have in fact described the cabinet reshuffle as a follow-up step necessary for fulfilment of the new economic programme.

As for the long-awaited and much-postponed cabinet reshuffle, which is the sixth since she returned to power two years ago and comparatively the most drastic, Mrs Gandhi's purpose of creating a dramatic effect does not seem to have been achieved. Most people in the national capital view the cabinet changes as reshuffle of a pack, of replacement of Tweedledum by Tweedledee. No new talent has been inducted into the Government. It is pointed out that Mrs Gandhi is unable to make any marked deviation from her political principle that loyalty is more important than competence. Moreover, it is simultaneously conceded, in the sort of political organisation she has created, the Prime Minister has hardly any talent to choose from, becoming thus herself a prisoner of the system. This cabinet reshuffle is seen by many as providing a justification for the argument that one advantage of the presidential system is that it can enable a government of talents.

The ministerial shake-up has affected the portfolios of five Cabinet Ministers, eight Ministers of State and five Deputy Ministers. Apart from an attempt at the dramatic, Mrs Gandhi has obviously been prompted by two major considerations that mark ministerial changes in a parliamentary set-up: reward-and-punishment at the personal level; functional streamlining and redistribution of government work to facilitate greater efficiency and expedition. As for the first consideration, the importance Mrs Gandhi accords to loyalty is evident from the elevation of Mr Pranab Mukherjee to Finance Ministership, appointment of Mr Jagannath Kaushal as Law Minister and induction as Deputy Ministers of seven new persons who have been vociferous in their support to her. As for the second consideration, the cabinet that has emerged after the carpentry is less untidy than what it was in its earlier incarnation, but still far from cohesive.

The change that has caused the most comment is the shifting of Mr Venkataraman, just when the budgetary exercise is in full swing, from South Block to North Block to head the Defence Ministry. It is true that even when Mr Venkataraman was sworn in as Finance Minister it was in an atmosphere surcharged with rumours that he was being entrusted with the portfolio only temporarily. But since then, although such rumours continued to surface intermittently, Mr Venkataraman had managed, insofar it could have been possible in an environment of all-round economic stagnation, to establish a reputation for fairly competent stewardship of the Finance Ministry. As head of the Finance Ministry, Mr Venkataraman could not be denied credit for the record-breaking IMF loan of $ 5.7 billion, although the substantive negotiations were conducted by Mr R. N. Malhotra, Economic Affairs Secretary, and Mr M. Narasimhan, India's executive director on the International Monetary Fund who is now slated to take over as Finance Secretary.

Controversial though it is, tending to obscure the real issue of generation of black money, the bearer bond schen regarded as Mr Venkataraman's bra child, has more than achieved its fina cial target of Rs 800 crores. The inf tionary pressures have begun to abate one goes by the wholesale price inde although there is no relief in the mov ment of retail prices. Moreover, ev the fall in the rate of rise of the whol sale price index is substantially an arit metical phenomenon in the sense that is bound to fall if the base becomes pr gressively higher. Nonetheless, the Prim Minister had paid him an oblique co pliment while referring to the abateme of inflationary pressures in her A.I. broadcast announcing the new-20-poi programme.

Earlier, in his last year's budget, M Venkataraman initiated the policy some income-tax relief to the lower lev assessees and marginal incentives to th corporate sector which was widely a claimed as a move in the right directio though the budget taken in its totalit made a poor attempt to conceal the m flation latent in it. From the standpoi of loyalty also Mr Venkataraman coul not be said to have lagged behind h less admirable colleagues. His bizarr performance in Parliament, in complianc with the dictates of the Prime Minister to espouse the unsupportable cause o Mr Abdul Rehman Antulay momentari ly reduced him to a laughing stock des pite his proven ability in the cut-and thrust of parliamentary debate. Finally that Mrs Gandhi has made Mr Venkataraman a Member of the Planning Commission is indicative of her continue confidence in his economic expertise.

The fact of the matter is that no proper explanation for Mr Venkataraman's ouster from the Finance Ministry is available and evidently there is more to i than meets the eye. It is precisely in an information vacuum like this that speculation gains currency. A few dailies have commented that Mr Venkataraman's eyes were failing and that, therefore, Mrs Gandhi wanted to lighten his ministerial burden. This is not borne out by inquiries made by me from sources close to the former Finance Minister. He had a cataract operation in January 1981 and since then his eyesight, such as it is, has not deteriorated. A highly placed source

Bombay spot exchange rates of currencies as on 18-1-82

(Currency units per Rs 100)

Country	Currency	Selling T.T.D.D.	Buying T.T.clean
Australia	A. $	9 690	9.925
Austria	A. Schilling	173.20	177.40
Belgium	B. Franc	426 50	436.50
Canada	C. $	12 910	13.185
Denmark	D. Kroner	81.90	83.70
France	Franc	63 70	65.15
Hong Kong	H.K. $	63 65	65.10
Italy	Lira	13 400	13.705
Japan	Yen	2444	2493
Malaysia	M. $	24 54	25.10
Netherlands	Guilder	27.42	28 02
Norway	N. Kroner	63 65	65.15
Singapore	S. $	22.45	22.96
Sweden	S. Kronor	61.10	62 50
Switzerland	S. Franc	20 09	20 55
UK	£	5 8415	5 8840
USA	$	10.845	10.955
West Germany	D. M.	25.06	25 55

SOURCE: Syndicate Bank Foreign Exchange Division, Central Office, Bombay 21

Federation of Indian Chambers of nerce and Industry spoke of the in- y of Mr Venkataraman and Mr L. ıa to see eye to eye on important . Sources at the Finance Ministry unt this theory also. The argument the Defence portfolio is becoming asingly important because of the defence expenditure and that Mrs lhi wanted to lighten her burden by isting it to a senior Minister also not serve as an explanation for Mr kataraman's exit from North Block. the same token, considering that she ıs to have confidence in him, she d have given Defence to Mr Pranab kherjee.

As for the impact on budget-mak- of this change of guard, it is extre- y difficult to assess it. With the bud- barely a few weeks away, the routine cises, which form a large part of get-making, have already been under . It is really the totals — of revenue expenditure—and how much of the is to be covered and how that matter where a Finance Minister's stamp omes visible. Mr Venkataraman's eral approach to budget-making, ch obviously had the Prime Ministers currence, was to give some boost to ing and investment and leave a siz- e gap uncovered. This thrust is likely continue under Mr Mukherjee. Sour- at FICCI point out that a prominent nt listed in the new 20-point pro- mme is liberalisation of policies rela- to the private sector. The IMF loan ditionality about keeping government rowing from the banking sector with- a prescribed limit should hardly act a damper to deficit financing because approach to fixation of this limit is her liberal. As far as the first instal- nt of the loan is concerned, the pres- ption of limit on credit to the Govern- nt pertains to three dates — Novem- 1981, February 1982 and June 1982. ile fixing the limit on total govern- nt borrowing — borrowing from the 3I and market loans *etc*—for February 32 at about Rs 5,900 crores the IMF eed to an increase of 19 per cent from figure that had been fixed for Novem- 1981. Going by this indication, the vernment could safely fix a comfort- le deficit financing figure in the coming dget and successfully sell it to the IMF ıen the question of fixing the new limit total government borrowing comes up June 1982.

The question of tax reform has been fore the Government for a long time, d the Chairman of the Economic Ad- nistration Reforms Commission, Mr K. Jha, has also submitted a report the Finance Ministry which Mr Ven- taraman was studying, although this es not necessarily mean that the Jha re- mmendations would have found a re- ction in the budget. It would be futile to

The new Union Ministry

1.	Mrs Indira Gandhi	Prime Minister and Minister for Atomic Energy, Space, Science and Technology.
2.	Mr Zail Singh	Home
3.	Mr P. V. Narsimha Rao	External Affairs
4.	Mr Pranab Mukherjee	Finance
5.	Mr R. Venkataraman	Defence
6.	Mr P. C. Sethi	Railways
7.	Mr C. M. Stephen	Communications
8.	Mr S. B. Chavan	Planning
9.	Mr A. B. A. Ghani Khan Choudhury	Energy
10.	Mr Bhishma Narain Singh	Works and Housing and Parliamentary Affairs
11.	Mr Shiv Shankar	Petroleum, Chemicals and Fertiliser
12.	Mr Kedar Pandey	Irrigation
13.	Mr Vasant Sathe	Information & Broadcasting
14.	Mr N. D. Tiwari	Industry, Steel & Mines
15.	Mr A. P. Sharma	Tourism and Civil Aviation
16.	Mr B. Shankaranand	Health and Family Welfare
17.	Mr Veerendra Patil	Transport and Shipping
18.	Mr Rao Birendra Singh	Agriculture
19.	Mr Jagannath Kaushal	Law, Justice & Company Affairs

Ministers of State

1.	Mr Shivraj Patil	Commerce (Independent Charge)
2.	Mr Bhagwat Jha Azad	Labour (Independent Charge)
3.	Mr Buta Singh	Supply and Rehabilitation (Independent Charge)
4.	Mrs Sheila Kaul	Education and Social Welfare (Independent Charge)
5.	Mr R. V. Swaminathan	Agriculture
6.	Mr Baleshwar Ram	Agriculture
7.	Mr N. R. Laskar	Home
8.	Mr P. Venkatasubbiah	Home & Parliamentary Affairs
9.	Mr Yogendra Makwana	Communications
10.	Mr C. K. Jaffar Sheriff	Railways
11.	Mr C. P. N. Singh	Science and Technology
12.	Mr Sita Ram Kesari	Shipping and Transport
13.	Mr Charanjit Chanana	Industry, Steel and Mines
14.	Mr Z. A. Ansari	Irrigation
15.	Mr Vikram Mahajan	Energy and Coal
16.	Mrs Ram Dulari Sinha	Industry, Steel and Mines
17.	Mr Dalbir Singh	Petroleum and Chemicals
18.	Mr Khursheed Alam Khan	Tourism and Civil Aviation
19.	Mr S. S. Sisodia	Revenue and Expenditure
20.	Mr A. A. Rahim	Law, Justice and Company Affairs
21.	Mr Gargi Shankar Mishra	Department of Coal in the Ministry of Energy

Deputy Ministers

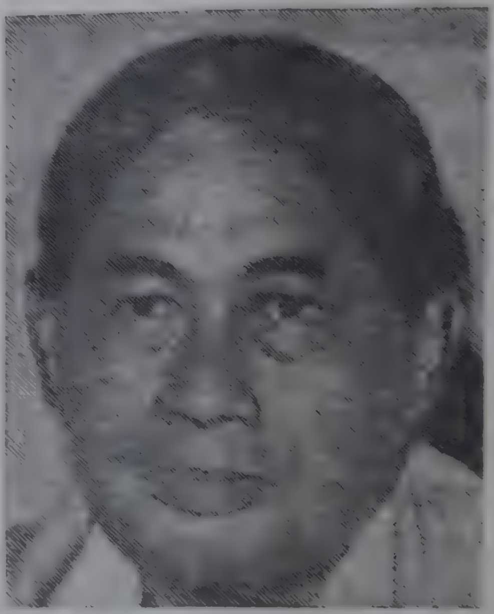
1.	Mr Mallikarjun	Railways & Parliamentary Affairs
2.	Mr Mohammad Usman	Agriculture, Civil Supplies
3.	Mr P. K. Thungon	Education
4.	Mr V. N. Patil	Communications
5.	Mr B. M. Mahanty	Works and Housing
6.	Miss Kumud Behn Joshi	Health and Family Welfare
7.	Miss Kamla Kumari	Agriculture
8.	Mr P. S. Sangma	Commerce
9.	Mr Kalpnath Rai	Parliamentary Affairs
10.	Dr M. S. Sanjiva Rao	Electronics
11.	Mr K. P. Singhdeo	Defence
12.	Mr Janardhan Pujari	Finance
13.	Mr Arif Mohammad Khan	Information and Broadcasting
14.	Mr Girdhar Gomango	Supply and Rehabilitation
15.	Mr Dharam Veer	Labour

New Chief Minister of Assam

MR Keshab Chandra Gogoi, who was sworn in as the Chief Minister of Assam on January 13, following 197 days of President's rule, claims to have the backing of 63 members of the Assembly of whom 40 are from his party the Congress (I), four each from the Plains Tribal Council of Assam and Tea Garden Labour Group and the rest independents. The House has an effective strength of 119.

Mr Gogoi was elected leader of the Congress (I) Legislature Party, the largest single party in the Assembly on January 11.

Mr Gogoi who is a law graduate, was the Finance Minister in the last three ministries, including that of Mrs Anwara Taimur, the former Congress (I) Chief Minister. He was elected to the Assembly in 1977 from Dibrugarh constituency on the Janata Party ticket. After the resignation of the Janata ministry headed by Mr Golap Borbora, he joined the Asom Janata Dal led by Mr Jogen Hazarika. After the fall of the Hazarika ministry he resigned from the Janata Party and joined the Congress (I).



Mr Keshab Chandra Gogoi

---

hazard a guess as to how things will shape under Mr Mukherjee. While a further reduction in the burden of taxation recommends itself, there is simultaneously the problem of shortage of resources against the backdrop of an eroding Sixth Plan.

Almost all government-watchers are agreed on one point: While Mr Venkataraman was obviously willing to function within a given policy framework, he had, as one well-versed in economic affairs, a natural inclination to pass every idea through the sieve of his judgement. Although he held the portfolio of Minister of State for Finance during the emergency and was until recently in-charge of Commerce, an important economic ministry, Mr Mukherjee is more a loyalist than an economist. To this extent, it is being pointed out, he could be expected to be more amenable to directions from No. 1, Safdarjang Road. For instance, the unending ministerial tussles over money could now be settled more in accordance with the Prime Minister's wishes. The business circles, on their part, are expecting some bolder steps under Mr Mukherjee. A former Member of the Planning Commission suggested that the steps India might have to take in the wake of the IMF loan would be easier with Mr Mukherjee at the helm of the Finance Ministry than these would have been under Mr Venkataraman. In view of the change at the top in the Finance Ministry, an urgent message has gone to Mr M. Narasimhan at Washington to come as early as possible and assume charge of the post of the Secretary of the Finance Ministry.

While elevating Mr Mukherjee to the Finance Ministry, Mrs Gandhi has simultaneously downgraded Commerce Ministry inasmuch as it will now be under an independent Minister of State, Mr Shivraj Patil. Downgrading of Commerce is, to say the least, puzzling, coming as it does after all the buffing and puffing over the balance of payments problem, which is the *raison d'etre* of the IMF loan. Removal of Mr Kedar Pandey from Railways indicates an assessment at the top that the railways have done better in spite of Mr Pandey rather than because of him and that whatever improvement has been recorded falls far short of what is required.

It is to be seen how far Mr P. C. Sethi's amalgam of drive and idiosyncracy will yield results in the Railway Ministry, which has been the graveyard of many a reputation. Having secured a Supreme Court verdict in favour of the executive in the judges case, Mrs Gandhi now wants to take the sting out of confrontation between the judiciary and the executive and has, therefore, shifted Mr Shiv Shankar to Petroleum and Chemicals, where it is to be hoped that he will not be a misfit, considering the country's commitment to increase oil production to 30 million tonnes. Mr N. D. Tiwari's unblemished loyalty rather than any known competence carries him forward with the Industry portfolio, although it would have been better if he had not been also saddled with Steel and
Mines, which is sufficiently importar
itself to deserve being under at leas
independent Minister of State. With
country's educational system in a (
plete mess and the labour problem
sening day by day, failure to app
full-fledged Cabinet Ministers for t
two subjects betrays a lop-sided per
tion of the country's problems.

Mr Zail Singh, who has by now
ceeded in creating a universal opi
against his retention in the Home M
try, remains at his post because of
admixture of loyalty and malleabi
His deputy, Mr Yogendra Makw
has been shunted out to another m
try, paying the price of not getting a
with his superior. For the same rea
Miss Kumud Joshi has been moved
of Information and Broadcasting. A
from Mr Zail Singh, equally surpri
is the retention of Mr Abdul Ghani K
Chaudhary and Mr A. P. Sharma, l
of whom have distinguished themse
by their unsuitability for the charges
hold, the former having also faced s
acutely embarrassing moments in Pa
ment on charges of corruption.

Three points are noteworthy.
senior Ministers in Mrs Gandhi's (
ernment, now holding the important p
folios of Finance, Defence and Exte
Affairs, are political lightweights.
three ministers dropped—Mr C. L. (
ndrakar, Minister of State for Tour
and Civil Aviation, Mr Maganbhai Ba
Deputy Minister for Finance, and Mr
Venkata Reddy, Deputy Minister
Labour—paid the price of insufficie
demonstrative loyalty. In fact Mr B
was beginning to acquire the reputa
of learning fast in his job. Thirdly,
the young men inducted in the Cou
of Ministers, none can be described a
member of the erstwhile Sanjay briga

The new Ministers of State are:
Gargi Shankar Mishra (Coal) and Mr
A. Rahim (Law, Justice and Comp
Affairs). The seven new Deputy Mi
ters are: Mr M. S. Sanjiva Rao (E
tronics), Mr K. P. Singh Deo (Defen
Mr Janardan Pujari (Finance), Mr K
panath Rai (Parliamentary Affairs),
Arif Mohammed Khan (Information
Broadcasting), Mr Girdhar Gomai
(Supply and Rehabilitation) and
Dharam Veer (Labour).

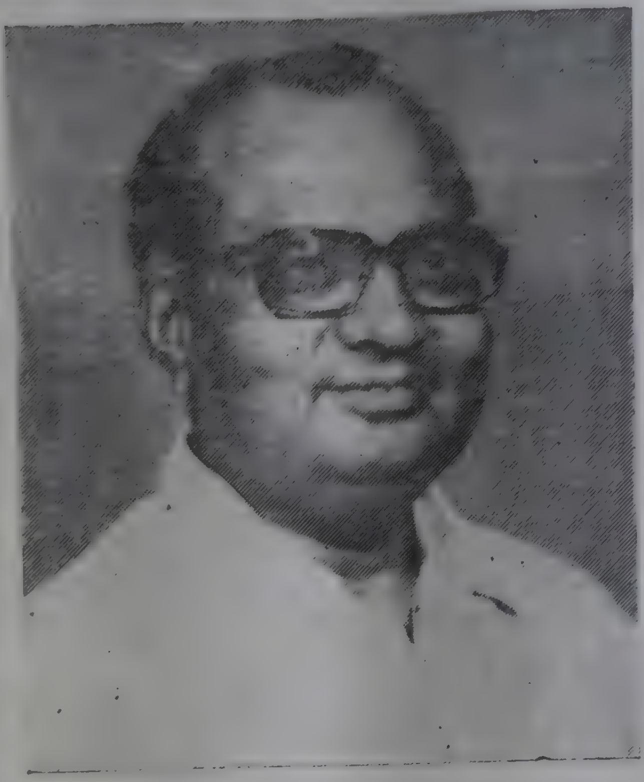
Apart from Mr Shivraj Patil,
Bhagwat Jha Azad and Mr Buta Si
will be Ministers of State holding
dependent charge of Labour and Sup
and Rehabilitation, respectively. F
relatively unimportant Ministers of St
and five Deputy Ministers have b
shifted from one ministry to another.

Mrs Gandhi has not cared to uti
the occasion to provide representation
various states. For instance, Rajasth
Gujarat, Orissa, Tamil Nadu, Ker
Jammu and Kashmir, Himachal Prad

Maharashtra's new Chief Minister

Bal Thackeray, Shiv Sena leader, s made a most uncharitable com- on the elevation of Mr Babasaheb rao Bhosale, the Law and Judi- Minister, to the office of the Chief er of Maharashtra to succeed Mr Antulay. Mr Thackeray has said t is a "stop gap arrangement" even saying Mr Bhosale is "clean and hearted". Perhaps the Shiv Sena r may not be wide of the mark. saheb Bhosale, who joined the lay Ministry in 1980, is yet to prove ompetence as an administrator, not eak of managing the diverse ele- s in the Congress (I) party. Mr Bho- is certainly an unknown figure even aharashtra politics but that by itself ot be his demerit. Political obser- say that Mr M. S. Kannamwar or Mr V. P. Naik, when elevated to Chief Ministership, were unknown es and yet proved themselves good inistrators.

Mr Thackeray's comment could, ever, have been made in another con- He is known to be a strong sup- er of Mr Antulay and among Mr ulay's supporters there is the hope at least the divisional bench of the nbay High Court or the Supreme irt of India will clear Mr Antulay of charges Mr Justice Lentin has held guilty of. In that case they hope Antulay will be able to stage a come k and Mr Babasaheb Bhosale will stand in the way as, according to some circles, he is a supporter of Mr Antulay. But others point out that relations between Mr Antulay and Babasaheb Bhosale cannot be taken for granted for it was Mr Antulay who had stripped him of the transport portfolio which he held simultaneously with the law and judiciary portfolio. In any case Babasaheb Bhosale will have to assert his authority on the party very quickly and guide the affairs of the industrially and commercially important State of Maharashtra to dispel whatever image has been there of his so far. The reconstitution of the ministry will prove the first test of his strength.



Mr Babasaheb Anantrao Bhosale

The sixty-one year old Babasaheb Bhosale hails from Satara in western Maharashtra but was elected from the Kurla Assembly constituency of Bombay in 1980. He can, therefore, be said to be the first Chief Minister of Maharashtra from Bombay city, though in the earlier Bombay State Mr B. G. Kher, who was elected from Bombay, was the first Chief Minister of the state after independence. A former member of the Maharashtra Revenue Tribunal, Babasaheb started practising at the Bombay High Court before being elected to the Assembly in 1980. Educated at Rajaram College in Kolhapur, he graduated in Law in 1947 from the Bombay University. He was later called to the bar. In his student days, he suffered imprisonment twice in 1941 and 1942 for one and a half years and was an underground worker for eleven months. His property was confiscated because of his activities.

Whilst in prison he married Kalavati, the daughter of Tulsidas Jadhav, a prominent political figure of Maharashtra. Some say he has inherited anti-Y. B. Chavan feelings from his father-in-law and he is also reported to be anti-Vasantdada Patil. One observer remarked that rather than describing Babasaheb Bhosale as "pro-Antulay," it would be correct to say "he is anti-Y. B. Chavan and anti-Vasantdada Patil."

---

l Assam have no representation in the ion Cabinet. This is understandable the case of Tamil Nadu, Jammu and shmir and Kerala because the Con- ss (I) has only nominal representation m these states as well as minor states e Himachal Pradesh. Mrs Gandhi's nds were tied in the case of Assam be- use elections in that State are yet be held. But the denial of representa- n to Rajasthan and Gujarat, from ere a number of MPs come, is baffling. e statewise representation in the Uni- Cabinet is as follows: UP, Mahara- tra, Andhra Pradesh and West Bengal o each, Karnataka three, and one each om Haryana, Punjab, Madhya Pradesh d Tamil Nadu.

With talent already occupying a back at in the Congress (I) juggernaut, per- aps Mrs Gandhi was confronted with e problem that things would get much orse if she were to also attempt to rike a regional balance in the composi- on of her Cabinet.

Bandh that was not there

NEW DELHI

THE *Bharat Bandh* call by the opposition parties met with only a partial response. While essential services continued as usual, shops and establishments were closed more for fear of damage and destruction to property rather than as participants of the *bandh*. Officials claimed that workers in most states reported for duty and that attendance was about 80 per cent.

Incidents of violence and police firing were reported in West Bengal, Kerala, Andhra Pradesh, Tamil Nadu and Uttar Pradesh. Five persons were killed in West Bengal, three in Andhra Pradesh two in Kerala and one in Tamil Nadu.

About 45,000 class III and IV LIC employees throughout the country participated in the *bandh* according to the All India LIC employees Federation. According to a statement of the coordination committee of the Central Government employees, these employees observed a non-cooperation day in support of the *bandh*.

In Maharashtra about 15 lakh workers owing allegiance to the Association of Engineering Workers, the Maharashtra General Kamgar Union, the Silk Mazdoor Union and unions led by Dr Datta Samant participated in the *bandh*. Most Central Government offices and public services reported 90 to 100 per cent attendance. Banks reported very limited attendance. State government offices in Bombay reported good attendance. However, the wholesale commodity markets in Bombay wore a deserted look. The *bandh* passed off peacefully at Bombay with trains and bus services plying normally. Taxis, however, did not run on the streets and many offices and commercial establishments had declared a holiday.

This was marred, however, by several incidents of stone throwing causing minor injuries.

Normal life in Calcutta and suburban areas was paralysed by the *Bangala bandh*. In West Bengal trams, buses and taxis were off the road. Except essential services all other activities in the city were affected by the *bandh*. Five persons were killed in West Bengal and about 100 persons were injured in clashes. More than 300 persons have been arrested.

In Gujarat except class III and IV employees in the nationalised banks other employees attended offices. The textile mills ran as usual. All the industrial units functioned normally.

In Bangalore some shops, most of the educational institutions, medium and small industrial establishments remained closed. Banks and public sector units had limited attendance.

In Madras city schools and colleges, carried on as usual. Buses and trains ran under armed escorts. The otherwise peaceful *bandh* in Tamil Nadu was marred by violent incidents in two villages in Thanjavur district. One person died in police firing.

In Delhi essential services operated normally. Banks and LIC offices reported only 10 per cent attendance. The industrial areas in the capital factories worked normally.

In Kerala public and private sector industries reported 60-70 per cent attendance. In the State Secretariat only 13 per cent of the staff joined the strike. Attendance in outstation offices was 30 per cent.

Key role of cloth trade

BOMBAY

THE wholesale cloth trade will extend its full co-operation to the Government in meeting the challenges the national economy is facing and in achieving the targets of the Sixth Plan, Mr Navnitlal L. Shah, president of the Bombay Piecegoods Merchants' Mahajan said, at the Mahajan's centenary celebrations. Calling for a dialogue between the Government and the trade to overcome problems faced by the trade, he declared, "give us the tools and we shall deliver the goods".

He recalled the achievements of the Mahajan in the last 100 years of its existence and said, the centenary was an occasion for the trade to pause and ponder over its shortcomings and to dedicate itself better to the service of the nation.

BAY PIECE
DS MERCHANTS

The Bombay Piecegoods Merchants' Mahajan celebrated its centenary at a largely attended function at Oberoi Towers on January 16. In the picture is seen Mr O. P. Mehra, Governor of Maharashtra, who was the chief guest (centre), releasing the centenary souvenir. On his left is Mr Navnitlal Shah, president of the Mahajan and on right the well-known industrialist. Mr Arvind Mafatlal. Standing in the middle (with a badge on) is Mr Surendra Tulsidas Savai, chairman of Centenary Celebrations Committee.

The Mahajan was formed at a time the country was governed by alien r and anti-national policies were pu by foreign administrators. Its fou were compelled to call the assoc the Bombay Piecegoods Natives chants Association because in those no non-Europeans were permitted to an organisation.

When the association was estab ed, it had the privilege of sendin representatives to the Governor's L lative Council. Sheth Govindjee Tha sey Mulji who pioneered the associ also initiated the move to build the M Jetha market, which is the biggest te market in Asia today.

In the pre-independence era, Mahajan made its contribution to the tional movement for independence. merchants gave funds generously to national movement. Many of them active part in the movement, inclu the *Swadeshi* movement to liberate In trade from the fetters of foreign dom tion.

Eminent leaders like Mah Gandhi, Jawaharlal Nehru, Pandit M Mohan Malaviya, Sardar Vallabh Patel, Mr Subhash Chandra Bose, Mr Bahadur Shastri and Mr Morarji D paid the Mahajan visits. Whenever AICC session was held in Bomba president would pass the Jhaveri B in procession. On such occasions trading community erected arches to come the national leaders with the c modity in which they traded. The I India Cotton Association made arche cotton bales, the Bullion Exchange e ed arches of gold and silver bars and Bombay Piecegoods Merchants' Mah made arches of textiles.

Mr Shah referred to the achievem of Sir Manmohandas Ramji, a lea businessman and industrialist of the who was president of the Mahajan fo years. He founded the Indian Merch Chamber in 1907 and established Indian Mercantile Insurance Compa

Mr Shah said, in the post-indep dence era, the Mahajan tried to cons date the position of the textile trade. introducing a scheme of arbitration, Mahajan was able to resolve disp among its members and in the majo of cases the courts unheld the decis of the arbitration panel of the Maha When there was a shortage of cloth, traders helped the distribution system continue functioning by setting u special committee, called the cloth dis bution centre committee. Despite its c tribution, it was unfortunate that business community was maligned a held responsible for all the ills of soci In the past, the business community c manded a lot of respect.

The Governor of Maharashtra, Chief Marshal, O. P. Mehra, lauded economic role the traders have d in the last 100 years and asked to contribute to national development by rising above fissiparous tenden- He said India's business community on the whole honest. But, it had got d reputation because it had certain sheep among it. He asked the esale cloth traders to spot the black p among them and ostracise them.

The wholesale cloth traders play an ortant role in cloth distribution in the ntry. The wholesaler enables the mills cover a wide market. He provides s with market information and acts as a financier to mills, particularly the weak ones. The wholesaler helps the semi-wholesalers, in turn, to obtain a great variety of goods for distribution by providing them with a product assortment from a large number of mills. The wholesalers thus perform an important function in building up the image of the mill. Efforts have been made by some mills to bypass the wholesaler and set up their own distribution channels. But, these have failed. Wholesalers and semi-wholesalers are a necessary part of the marketing system of any mill.

The handling of such large-scale trade, calls for large finances, which are not readily available because banks say they have to operate under funds constraints and meet the needs of the priority sectors first. Bombay's wholesalers say they have to depend on yearly borrowings of Rs 300 crores to Rs 400 crores from private sources and these borrowings are costly with monthly rates of interest ranging from 1.50 per cent to 2.25 per cent. The wholesalers find it difficult to arrange finance, so the authorities should look into this problem.

ALL SCALE SECTOR

ist of reserved items curtailed

OLLOWING a review by the standing committee of reserved items for small-scale sector, as many as 13 ns, that were reserved for exclusive duction by the small-scale sector, have n removed from the reserved category. the same time two new items have n added to the reserved list.

The de-reserved items are listed be- :

Dehydrated vegetables
Tyre retreading
Rubber to metal bonded parts
Tartaric acid from maleic anhydride
Fumaric acid
Sodium chromate
Potassium bichromate
Ammonium bichromate
Simple cone pulley driven lathe up to 2,000 mm bed length
Satchet filling machines for pouches
Fan belts
Hypodermic needles and
Pressure gauge up to 3.52 kg per sq cm.

The two new items added to the reserved list are :

Ortho-aminophenol
2. Crown corks

With these changes the number of ems in the reserved list for the small-cale sector has come down from 843 to 32.

Besides the addition and deletion of ems, the Government also changed the omenclature of 19 reserved items. The items (earlier nomenclatures followed etails of the changes in the nomenclature y new ones) are as follows :

1. Confectionery (except chocolate and chocolate preparations) — confectionery (except chocolate),
2. rapeseed oil except solvent extracted — rapeseed oil except solvent extracted (other than cases of state agro-cooperatives and growers co-operatives),
3. mustard oil except solvent extracted — mustard oil except solvent extracted (other than cases of state agro-cooperatives and growers cooperatives),
4. sesame oil except solvent extracted—sesame oil except solvent extracted (other than cases of state agro-cooperatives and growers cooperatives),
5. groundnut oil except solvent extracted — groundnut oil except solvent extracted (other than cases of state agro-cooperatives and growers co-operatives),
6. fibre-glass reinforced plastic products — fibre glass reinforced plastic products other than the following :
   (A) SMC and DMC and its mouldings,
   (B) continuous filament winding (pipes above 600 mm diameter),
   (C) extruded products, and
   (D) FRP sheets by continuous process,
7. H.D. Polypropylene mono-filament (except for captive use by rope manufacturers) — H.D. Polythelene monofilament (except for captive use by rope manufacturers),
8. other fabricated plastic products — advertising novelties, desk calendar, pen stand, plastic toys, decorative and industrial fixtures, street lights, corridoor lights, passage lights, building models (prototype) and machine models (prototype),
9. other thermo — welded plastic products — shopping bags, diaries, file covers, badges/folders, advertising materials wallets, passport covers, tool kit cover, medical disposables for calculators, micro phones etc, inside assemble of brief cases, key chains, identity cards and visiting cards, albums, and textile welding garments,
10. phthalocyanine blue—phthalocyanine blue (except for captive consumption for manufacture of phthalocyanine green),
11. chemical porcelain — flat tipped basins, round and rectangular type dishes, combustion boats, crucibles, filter funnels for vacuum pressure gravity filtrations, pipette rests spotting plates, and desiccator plates.
12. plaster of Paris — plaster of Paris (below 50 kg sq cm, in strength).
13. pressure die casting — pressure die castings up to 0.75 kg,
14. M. S. storage tank up to 1,500 litres storage capacity (except storing of chemicals and other similar items) other than cryogenic tank and vesssels — M. S. storage tanks up to 15,000 litres storage capacity (simple type with rivets/welds but excluding pressed ribs),
15. wick stoves — wick stoves other than those manufactured in accordance with design Nos. 145215, 145216, 145299 (Nutan type stoves) registered in the name of Indian Oil Corporation,
16. Other locks — drawer locks and suitcase locks,
17. automobile radiators (except for expansion of on merits) — automobile radiators (except for expansion of existing units on merits and induction of new units based on new/improved technology and excluding aluminium radiators),
18. other auto rubber components — brake pedals, clutch pedals, dust covers, wiper blade components, wind-screen breedings, door channels rubber beeding, rubber mats, and
19. liquid level controller — liquid level controller (excepting electronic type).

Opportunities in international banking

BOMBAY

IF it was true in the olden days that trade followed the flag, of modern times it can be said that trade follows the banks. Indian banks opening branches abroad have also found a large profit potential in such activity. But if these opportunities are there, there are also challenges and a seminar organised by Indian Bank, as a part of its platinum jubilee celebrations, highlighted those.

The Governor of the Reserve Bank of India, Dr I. G. Patel, who inaugurated the seminar, said that Indian banks going abroad should not restrict themselves to retail banking or to making their profit and loss accounts look better. He wanted them to develop a better understanding of the changing international capital market, and he said the presence of Indian banks overseas should be used for getting vital information not only for themselves and their customers but also for the RBI and the Union Government. Dr Patel said that this had assumed considerable importance since the international capital market had been undergoing distinct changes in its structures. With the development of the Euro-dollar market in the past decade more capital had become available for investment in several non-oil and producing and exporting developing countries.

However, in the past ten years or so certain apprehensions had developed about international capital and questions were asked whether it was moving in the right direction. There was some worry as to whether the billions of dollars constituting the international capital market were "genuine" surpluses and whether these were of a temporary nature. The more serious misgiving was apparently a search for moderating the sharp rise in interest rates and frequent fluctuations in exchange rates while in practice any kind of co-ordination among nations had proved elusive. There was also a perception of fear about the lending activities of the world's major banks while there was not much willingness in bringing about stability in these activities. There was a tendency to have some sort of controls on the lendings of these banks and this step was very much in the mind of the central bankers of some developed countries. These controls might not be so "open" and the banks might be guided by the central banking authorities in giving more or less to any country.

Dr Patel said international banks which played a part in the international capital market were conscious of their strength and were, therefore, developing vested interests in some countries. such a situation, he pointed out, Indi banks operating in international banki field should adapt themselves to t changing situation. They might have act as both investors and borrowers international capital market.

Mr P. C. D. Nambiar, chairman State Bank of India, said that India banks went abroad "ahead of the corp- rate flag" and were thus pioneers in th sense. However, in the absence of co certed follow-up by Indian business, i dustry and trade of this pioneerir efforts, the initial advantage and momer tum gained by the Indian banks in th field of international banking had n been sustained.

Indian industry seemed, at long las to be coming out of the investmer stagnation of the 70s; the resulting finar cial needs together with those of the pu lic sector agencies charged with augmen ing infrastructural facilities in econom had created a resources gap that coul not be bridged, as in the past, purely ou of domestic savings and international aid Fortunately, Mr Nambiar said, there wa a strong and growing awareness in th international banking community of India as a desirable credit risk, evidenced by the extremely fine spreads on some o

INDIAN BANK PLATINUM JUBILEE
INTERNATIONAL BANKING SEMINAR
AT BOMBAY, 15th JAN 1982

Dr I. G. Patel, Governor of RBI, addressing the seminar. Also seen are Mr K. N. R. Ramanujam, adviser, Indian Bank, Mr R. S. Bhatt, former chairman of Indian Investment Centre, Mr I. A. Sorch, president director of P. T. Danaseksa, an investment cooperative in Indonesia and Mr M. V. Subba Rao, chairman and managing director of Indian Bank e loans raised in the recent past and e consequent high rating credit in the ountry in the international financial ircles.

Indian banks active in international ank, in his view, could play an important role in raising funds in the capital and money markets abroad both for bridging the external resources gap envisaged in the Sixth Plan and for meeting the credit requirements of joint ventures and of projects undertaken by Indian companies overseas. But, he stated, whatever be the scope for financing Indian business and industry, both for their capital requirements in India and for projects/joint ventures abroad, Indian banks, on considerations of profitability and balance risk exposure, would necessarily have to look to other avenues of business in international banking.

Mr R. C. Shah, who formerly headed Bank of Baroda and is now chairman of the Exim Bank, discussed problems and prospects for Indian banks operating in overseas territories. He suggested public sector Indian banks, having overseas branch operations, could pull together the resources and establish a separate holding company with an adequately large capital structure with a view to bringing their present overseas operations as also the future expansion programmes abroad, under the umbrella of a holding company. The holding company could be registered either in India or at one of the off-shore centres abroad and a portion of the essential contribution of the Indian banks could be by transfer of their existing assigned capital and reserves held by them in overseas territories. In fact, he pointed out, most of the international banks had already established a network of holding of subsidiary companies for their overseas operations in view of their advantages inherent in such a federalised organisational set-up.

Mr M. V. Subba Rao, chairman and mnaging director of Indian Bank, who welcomed the participants in the seminar, said that by December 31, 1981, the bank had a branch network with an even distribution of centres as between rural (308), semi-urban (260), urban (158) and metropolitan (148) branches. Credit to the priority sector at Rs 227 crores formed 34.8 per cent of its outstanding net credit but banks' deposit accounts as on last Friday of June 1981 aggregated 4.1 million and borrowers slightly in excess of half a million.

As I see it

How to know what plans achieve?

THE Programme Evaluation Organisation (PEO) of the Planning Commission is an important arm of planning in this country. The importance of such an organisation is self-evident and requires no elaboration. Without evaluation there cannot be an adequate appreciation of the impact of planning and a correct decision cannot be taken on the future course of action. The need for evaluation has been recognised right from the time of the First Five Year Plan and the process of evaluation has gone on since then. The range and nature of the study of, and consequently of the observation in, the various reports have varied from study to study. However, quantitative observations recorded in structural schedules and observations of a qualitative nature have usually been a basic feature of all the reports.

The PEO has earned an enviable reputation for the quality of its reports over the thirty years of its existence, since its founding in October 1952. This has been possible because the PEO has been allowed to function independently of any administrative department and, although the chief of the organisation and all its officers and employees are government servants, the PEO has been able to present objective reports on evaluation of various programmes, even when such reports have exposed the inconsistencies and weaknesses of the administrative apparatus of the Central Government.

This demonstrated independence has enhanced the prestige of the PEO as it has enhanced the value and utility of the reports and helped uphold the true interests of the Government through providing factual reports on the weaknesses which has provided the Government an opportunity to plug the loopholes and improve the formulation and the implementation of programmes. In the context of the emphasis laid on rural development by the Prime Minister, Mrs Indira Gandhi, in her new 20-point programme, on the measures for improving the rural economy, the work done by the PEO assumes a special relevance inasmuch as the PEO has been regularly evaluating the programmes relating to rural development.

The timely publication of the reports of the studies is of great importance, since the information yielded by the studies of the PEO (117 of which have been published so far) is of use not only to the administrative departments of the Government but also to a much wider public, *e.g.*, research workers and all those interested in rural development, poverty alleviation and socio-economic development of the weaker sections of the population. Unfortunately for several years, for some unexplained reasons, there was considerable delay in the publication of the reports. It is heartening to see that such hesitation in getting the reports published has been given up. Nevertheless there remains considerable scope for improving the speed in releasing the reports and in making available them to the people in all parts of the country.

For all the changes, there has been no change — except of the nature of deterioration — in the availability of governmental publications which are extremely difficult to come by. The several agencies bringing out the publications of the Government of India seem to be working independently of one another so that even in a highly developed market provided by the city of Bombay there is no shop where one can hope to get the publications of the various departments of the Government of India and the reports of the various committees of Parliament. Readers in Bombay are obliged to write to someone in New Delhi to procure a copy. Registration by making advance payment on an imprest basis fails to achieve the desired expeditiousness in the receipt of publications in Bombay, although on that basis some documents do become available in course of time.

Further, urgent steps need to be taken to set up the evaluation machinery in Sikkim and the union territories of the Andamans and Nicobar Islands, Mizoram, and Lakshadweep where there is no organisation for the purpose.

Subhash Chandra Sarker

Money

How to collect trade creditors

WHEN bank credit is short and rationed and costly, the borrowers turn to other sources of credit. There are many alternatives, these days, of obtaining money from banks themselves—somewhat indirectly as also from organised and unorganised money markets. But the simplest and the most inexpensive of these sources are two: delaying payments to creditors for goods and expenses and recovering debts more quickly.

In India the problem is that of the financial position and ability of the debtor to pay on time. Textile mills for example are not in a position to pay for six months. But suppliers to them are reconciled with this position. They therefore knowingly make credit sales to mills and include the prohibitive cost of credit in their price. This is not an area that could be controlled or modified because it is a relationship voluntarily created with full knowledge. But there are debtors who are willing and capable of paying on due dates, but who just do not pay because of their own inertia or indifference or the inertia or indifference of the creditor in collecting his debts. It is here that credit restraints have created a new breed of financial controllers who have set aside their own inertia and indifference and set about in a mature professional manner collecting debts.

They have made the debtor aware of two things: first, the due date for payment and second seriousness about respecting the due dates. In a recent survey of a well managed company, it came out that the creditor company itself was not aware of the due date! The terms were that payment should be made within 30 days. But the creditor company executives themselves were not clear as to 30 days from what date? The new changes now make the meaning clear: 30 days from the date of bill and if no payment comes forth on 30th day, there is a response from the creditor company—gentlemen, your payment due yesterday has not come! There is intense awareness on both sides that payment should be made and received on the due dates.

As a next step, the creditor companies have learnt to follow the payments cycle of the debtors. If there is a cut off point beyond which bills payments will be postponed to next month by the debtor companies, creditor companies try to send in their bill before the cut off date. Thus if one enterprise pays only bills received up to 23rd of the month, creditors try to send the bills on 22nd, and not in the first week! Further, there is another cut off date in debtors' office. Usually priority payments like salary etc are made in the first week and all other payments are allocated by about 10th. Sure enough the creditor companies find out such cycles of decision making and send an effective reminder just on 7th or 8th so as to catch the cycle!

In other words, financial controllers of creditor companies have penetrated into the debtor companies and have come to know their habits and systems, payment procedures and practices, Thus, they are attacking not the willingness or ability of the debtors to pay, but taking advantage of the debtors' systems and practices to collect their own dues promptly. In this they are also attacking one more area—that of certification or authorisation problems. In most cases, payments are delayed because the debtor company cannot locate the authority for placing the order or whether the goods and services supplied were in accordance with the specifications. Here the new breed of financial controllers has learnt to obtain the authorisation, specifications and certification along with the order and to enclose these documents with the bill, so that no time is lost in searching for them!

Thus techniques of collecting bills have reached new heights of refinement.

S. G. Shah

Industrialising Orissa

CALCUTT

IT is good to know that the Federation of the Indian Chambers of Commerce and Industry has offered its cooperation to the Chief Minister of Orissa Mr J. B. Patnaik, in promoting investment for the industrial development o the State. Mr Patnaik, addressing th executive committee of the Federation i Calcutta recently, gave a detailed idea o what incentives the State Governmen offered to intending entrepreneurs an what good prospects there were for them The present chairman of FICCI, Mr Arvind N. Lalbhai, sounded sincerely enthusiastic about promoting industrial development of a state where the Central Government is in the process of investing Rs 5,000 crores. A past president, Mr H. S. Singhania, encouraged fellow industrialists by the remark that as one who has been running industries in the State he can at least testify to peaceful labour conditions that entrepreneurs would find ideal.

A research scientist, Professor P. K. Jena, said something about Orissa's mineral resources which industrialists should know if they do not know enough about it already. According to the Prof Jena, who heads the Regional Research Laboratory for Minerals in Bhubaneswar, few "states in the world have the mineral resources of Orissa" which are varied enough to include iron ore, chromite, manganese, bauxite, coal and vanadium-bearing magnetite. Only one-third of the mineral resources have been explored. Apart from having one of the world's largest bauxite and chromite reserves Orissa also has exclusive deposits of nickel ore, which are estimated at around 66 million tonnes,

Such resources must attract large-scale investment. Indeed the Central Government's aluminium venture is already based on the State's bauxite reserves. But the type of entrepreneurs Mr Patnaik is seeking is unlikely to be interested in large-scale mineral-based ventures. He is looking for businessmen who would invest in hotels, light engineering units and other enterprises that lend themselves to manufacture on a small, or at best on a medium.

The State also has definite infrastructural weaknesses that need prompt attention. For the proposed steel plant at Paradeep, the existing rail line would not be enough to carry iron ore and other raw materials to the plant and the existing railway network between Cuttack and Calcutta would be strained if finished products were to be transported in large ntities. However, Mr Patnaik antici-ed the doubt that might arise in the nds of his audience on this score, and ormed them that a specific organisation led the Orissa Infrastructure Develop-nt Corporation has already been set to develop infrastructural facilities for w industries "in designated industrial ates and industrial areas".

Side by side, well-planned industrial tates in all important places in the ate will be set up for locating small d medium industries. Compact areas ill also be acquired for development as tes for suitable major, medium and nall scale industries. The Infrastruc-re Development Corporation has been aking rapid progress in this matter. As r power, a major constraint in other ates such as West Bengal, the Chief Iinister assured his audience that energy ould be no problem. As for labour, rissa has a most peaceful record.

He further informed the industrialists at within 250 days of his government eing formed, projects involving invest-ents of more than Rs 800 crores have lready been identified. Fifty units in-olving on investment of Rs 200 crores re in "different stages of planning".

The Chief Minister was rather criti-al of commercial banks which operated n the State. They were not doing enough o ensure a regular and steady flow of redit. Orissa requires institutional fin-nce of the order of Rs 1,200 crores uring the Sixth Plan period, while the nost it is able to get at present is Rs 160 rores per year. The per capita bank redit in Orissa was only Rs 100, a figure ar below the all-India average of Rs 411. tates like Andhra Pradesh, Karnataka nd Tamil Nadu are faring much better.

Unofficial foreign currency rates in Hongkong

(Hongkong $ as on Jan. 11, 1982)

	High	Low	T.T.
Australian $	6.43	6.37	6.5615
Belgian Franc(100)	13.50	12.50	15.135
Burmese Kyat(100)	25.00	15.00	
Canadian $	4.82	4 76	4.9160
British £	11.05	10.80	11.010
French Frane	1.00	0.98	1.0180
Indian Rupee(100)	52.00	50.00	63 45
West German DM	2.54	2.51	2.5790
Indonesian Rupiah (100)	0.85	0.80	
Italian Lira (100)	4.70	4.40	
Japanese Yen (100)	2.60	2.575	2.6350
Korean Won (100)	0.85	0.80	
Malaysian $	2.56	2.51	2.6075
Netherlands Guilder	2.31	2.29	2.3515
New Zealand $	4.85	4.65	4.8170
Pakistan Rupee (100)	4.30	3.80	5.955
Philippine Peso	0.68	0.66	0.7160
Singapore $	2.81	2 76	2.8525
South African Rand	5.60	5.40	6.0815
Sri Lanka Rupee (100)	30.00	22 00	
Swiss Franc	3.17	3.11	3.1880
Taiwan $ (100)	14.40	14.10	
Thailand Baht (100)	25.00	24.50	

INDIAN ECONOMY: BASIC INDICATORS

By Commerce Research Bureau

WEEKLY INDICATORS

Wholesale Price Index (1970-71=100)

	During the week ended Dec. 26 1981	Dec. 19 1981	Nov. 28 1981	Dec. 27 1980	Percentage variation Over a week	Over a month	Over a year	Over two years
Manufactured products ..	261.5	261.2	263.6	252.8	0.1	—0.8	3.4	16.3
Primary articles	263.1	264.5	264.1	241.4	—0.5	—0.4	9.0	23.0
Fuel, power, lubricants etc.	437.5	437.5	437.5	357.5	—	—	22.4	48.1
All commodities	277.1	277.5	278.5	256.8	—0.1	—0.5	7.9	22.5

Money and Banking

	During the week ended Jan. 1 1982	Dec. 25 1981	Dec. 4 1981	Jan. 2 1981	Percentage variation Over a week	Over a month	Over a year	Over two years
Money supply (M3) (b) ..	61,648(a)	61,268	60,422	53,559(a)	0.6	2.0	15.1	35.5
Bank credit	29,567	29,081	28,252	24,696	1.7	4.7	19.7	39.2
Aggregate deposits ..	43,954	43,432	42,359	37,267	1.2	3.8	17.9	40.5
Foreign exchange reserves(a)	3,937	4,074	4,215	52,60	—3.4	—6.6	—25.2	—31.9

MONTHLY INDICATORS

	Latest month Unit	Month	Amount/ Index	Previous month	Percentage variation over previous month	Recent trend(c) (Per cent)
Industrial production (crude Index)	1970=100	Nov. 1981	159.0	153.4	3.7	9.4
Exports	Rs. crores	Sept. 1981	456	464(e)	—1.7	1.2
Imports	Rs crores	Sept. 1981	567	941(e)	—39.7	—11.3
Trade balance	Rs crores	Sept. 1981	—111	—477(e)	—	—
Foreign exchange reserves (a)	Rs crores	Dec. 1981	3,940	3,922	0.5	—18.4
Wholesale price Index ..	1970-71=100	Dec. 1981	277.3	279.8	—0.9	10.8
Consumer price Index for Industrial workers ..	1960=100	Dec. 1981	462	460	0.4	13.5
Unemployment(d)	Lakhs	Aug. 1981	171.6	170.1	0.9	9.6

ANNUAL INDICATORS

	Unit	1980-81	1979-80	1973-74	Percentage variation in 1980-81 over 1979-80	Annual rate of growth between 1973-74 and 1980-81
Real national Income ..	1970-71=100	136.6(a)	126.7	105.1	7.8	3.8
Real per capita Income ..	1970-71=100	110.9(a)	104.8	98.1	5.8	1.8
Agricultural production	Triennium ending 1969-70=100	132.4	116.5	112.4	13.6	2.4
Foodgrains production ..	Million tonnes	130	110	105.0	18.2	3.1
Industrial production ..	1970=100	154.4	148.1	112.6	4.2	4.6
Exports	Rs crores	6,705	6,459	2,523	3.8	15.0
Imports	Rs crores	12,330	9,022	2,955	36.7	22.6
Trade balance	Rs crores	—5,535	—2,449	—432	—	—
Foreign exchange reserves*	Rs crores	5,316	5,706	764	—6.8	31.9
Money supply (M3) (b) ..*	Rs crores	55,314	46,792	17,571	18.2	17.8
Bank credit	Rs crores	25,270	21,537	7,339	17.3	19.3
Aggregate deposits ..	Rs crores	37.847	31,759	10,139	19.2	20.7
Wholesale prices (average)	1970-71=100	256.6	217.6	139.7	17.9	9.1
Consumer price Index for industrial workers*	1960=100	420	373	275	12.6	6.2
Unemployment(d)** ..	Lakhs	162	143	82	13.3	10.2

Notes: (a) Estimated by Commerce Research Bureau. (b) Includes currency with the public deposit money of the public and time deposits with banks. (c) Figures indicate percentage change during the current fiscal year up to the latest month indicated as compared with the corresponding period in the preceding fiscal year (d) Data relate to number of jobseekers on the live register of employment exchange. (e) Indicates figure for June 1981. * Financial year-end data. ** Calendar year-end data. (...) = Not available

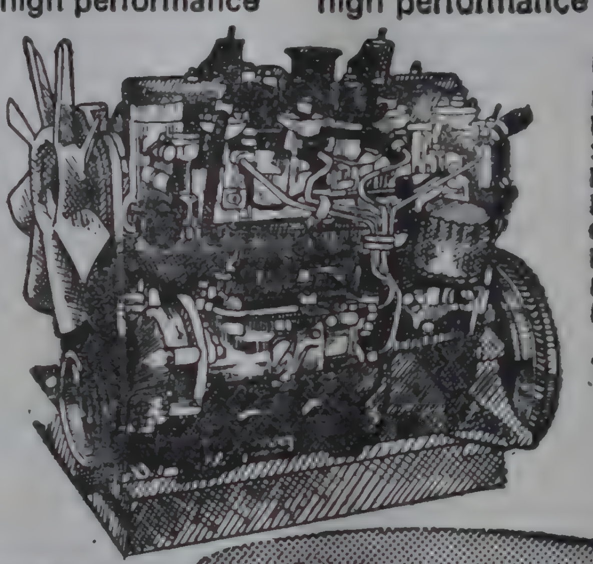
Mahindra now brings you the Peugeot XDP 4.90- a diesel engine of advanced design

Mahindra meets the challenge of the oil crisis, with a superb new, lightweight high performance diesel engine-the PEUGEOT XDP 4.90 with greater fuel efficiency.

This world-famous engine is now being assembled at the Mahindra plant.

The PEUGEOT XDP 4.90 will be fitted initially on the **Mahindra** NC 665 DP Mini Truck, Pick-up Van and Ambulance.

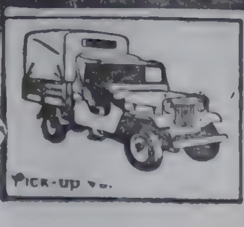
By far the most vital factor is the greater fuel efficiency of this lightweight high performance engine.



Engine Specifications :

No. of Cylinders	4
Bore-mm	90
Stroke-mm	83
Bore/Stroke ratio	1.08
Displacement-cc	2112
Compression Ratio	22.4:1
R.P.M. (max)	4500
Max. B.H.P.	75
Max. Torque Kg.m.	13.3 @ 2000 r.p.m.
Weight Kg.	184

The Mahindra NC 665 DP Mini Truck fitted with Peugeot XDP 4.90 diesel engine



Pick-up V

Mahindra & Mahindra Ltd.

ailways: Sixth Plan targets n doubt

ncluded from page 130

m to be none too comfortable. Ex- aining the latest freight rates hike the ailway Minister told Parliament a onth ago that two post-budgetary lac- rs, increase in the cost of fuel and other puts and two additional deatness allow- nce instalments to railway personnel, d resulted in an additional expendi- re during the current year of Rs 245 ores. With the best of efforts the earn- gs would not exceed the budget esti- ates by more than Rs 170 crores, leav- g a gap of Rs 75 crores. Hence the eed for the latest hike. The railway thorities maintain that the present assenger fares and freight rates are still wer than those recommended by the ail Tariff Enquiry Committee. Even if is is true the railways cannot be obli- ious of the consideration that the pas- nger travel service they run is a public menity and that successive increases in eight rates send cascading inflationary aves through the economy.

Considering that the already limited llocation for the railways in the plan as not only been eroded by inflation ut might even suffer a cut, and also aking into the account the tightness of ailways' own finances, it is highly pro- lematical that the Sixth Plan targets ould be met. These targets are addi- ion of 1,00,000 wagons, 5,680 coaches nd 780 diesel and electric locomotives. f the 1,00,000 wagons, 50,000 would be s replacement. Similarly, about one- hird of the coaches to be added would e as replacement. Equally difficult to neet would be the target of 3,000 kilo- netres of track replacement. Experts pprehend that in the last year of the lan the railways will not be able to arry more than 270 million tonnes of reight traffic as against a target of 309 nillion tonnes.

Another setback to the railway deve- opment programme is that this sector is ne of the likely victims of the 25 per ent cut in World Bank aid to this coun- ry in the coming year following the Reagan Administration's reluctance to meet ts contributory obligation to the sixth eplenishment of the International Deve- opment Association. Earlier the World Bank had more or less agreed to give 700 million dollars to India for the modernisation, electrification and computerisation programmes of the railways. But now a bank team has suggested that since India is engaged in selecting an appropriate computer technology for computerisation of the railways' freight and passenger operation systems, negotiations on all the projects should be taken up afresh after July 1982. This means postponement of the current year's tranche to next year.

In the meanwhile an inter-ministerial team has just returned after studying railway computer systems in British, France, West Germany, Canada and the United States and is to submit its report within three months. It has been pointed out that with the use of the computer system the British Railways have reduced the number of wagons in use from 3,00,000 to 1,92,000. In India such an improvement in efficiency would mean not reduction in the number of the wagons in use but alleviation of the problems resulting from wagon shortage.

To stress that the railways are badly in need of funds should not be allowed to obscure the fact that they are equally badly in need of further self-improvement. The last report of the Comptroller and Auditor-General of India emphasises that while it is true that the needs of replacement of overaged assets have not been adequately provided for, it is equally true that "even the funds provided under the depreciation reserve fund have not been fully utilised over the years." Again, although the lead no doubt has been increasing, there is scope for further reducing the turnafound time of wagons. To quote the report again. "Wagons have not been put to optimum use due to various operational and non-operational factors within the control of the Ministry of Railways."

As for passenger services, functioning of the railways leaves much to be desired. Corruption among the railways staff in the matter of reservations has come to be regarded as an accepted institution, though it must be conceded that the bribe-giving public is scarcely less culpable. In the official year-end review of the performance of the railways it is stated that following special drives 17.20 lakh passengers were found to be travelling without tickets between April-October 1981. This shows that ticket supervisors are normally lax in their duty. The review refers to a punctuality cell in Rail Bhavan and proudly points out that the Western Railway recorded 94 per cent punctuality in July 1981. But one swallow does not make a summer. Apart from ageing tracks rolling stock and, late running of trains has been resulting from sheer inefficiency and laxity. Regarding accidents, the Railway Minister is on record as conceding that these have been resulting as much because of overaged rolling stock and bad tracks as from lack of alertness on the part of railway personnel.

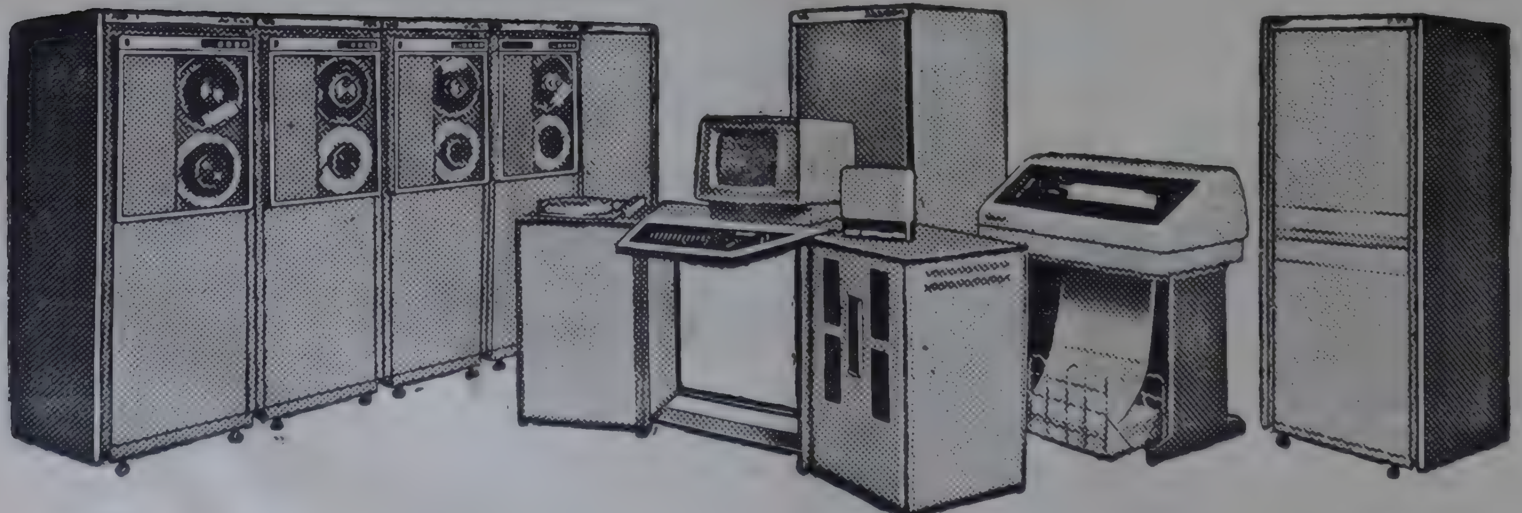
Retail prices of essential commodities in Bombay

Compiled by Commerce Research Bureau

Item	Quality	Rs per kg				Percentage variation on Jan 15, 1982 over		
		Jan. 15, 1982	Jan. 8, 1982	Dec. 18, 1981	Jan. 16, 1981	A week ago	A month ago	A Year ago
Rice	Average	3.80	3.80	3.80	3.00	—	—	26.7
Wheat	Average	3.90	3.90	3.90	2.80	—	—	39.3
Jowar	Average	2.50	2.50	2.30	2.20	—	8.7	13.6
Bajra	Average	2.50	2.50	2.30	2.20	—	8.7	13.6
Gram dal	Average	6.00	6.00	6.00	6.40	—	—	—6.3
Tur dul	Average	6.50	6.50	6.00	6.50	—	8.3	—
Potatoes	Average	2.00	2.25	2.00	1.80	—11.1	—	11.1
Onions	Average	1.50	2.00	2.50	1.00	—25.0	—40.0	50.0
Milk per litre	Buffalo	5.00	5.00	5.40	4.30	—	—7.4	16.3
Tea	Average	23.00	23.00	23.00	24.00	—	—	—4.2
Coffee	Average	17.50	17.50	17.50	16.50	—	—	6.1
Kerosene per litre ..	—	1.66	1.66	1.66	1.49	—	—	11.4
Bread (400 gm)	—	1.55	1.55	1.55	1.40	—	—	10.7
Sugar	Average	6.40	6.60	6.00	7.20	—3.0	6.7	—11.1
Gur	Average	5.00	5.00	5.00	5.00	—	—	—
Groundnut oil	Average	15.00	15.25	14.50	12.75	—1.6	3.4	17.6
Vanaspati	Average	15.00	15.00	15.00	—	—	—	—
Toilet soap	—	1.95	1.95	1.95	1.90	—	—	2.6
Exercise book .. .. (200 pages)	—	2.50	2.50	2.50	—	—	—	—

Bajaj Tempo, Chowgules, Kores, Salgaocars and Vickers Sperry can't be wrong!

Over 100 business houses and companies have opted for DCM Data Products' Galaxy/9 and Galaxy/11.



HTD-DDP- 7309

For good reason.

The Galaxy/9 and Galaxy/11 systems offer excellent throughput based on a powerful processor, and the widest range of peripheral devices.

And most important.

Your investment in the Galaxy is protected, because both the systems are upgradeable to match your growth. DCM Data Products' future product plans and collaborative arrangements will ensure this.

DCM Data Products' software and systems support are time-tested and field proven. Our Sales, Systems and Field Engineering personnel have the experience of supporting over 500 Galaxy and Spectrum installations.

Galaxy/9
Galaxy/11

DCM
data products

4th Floor, Vikrant Tower
4 Rajendra Place
New Delhi-110 008
Tel: 581132, 561969
Cable: DECEMDEPE

Churchgate House, 34 Veer Nariman Road, Fort, Bombay 400 001
Tel: 253433, 293454, Cable: 'DECEMDATA', Telex: 011-2320
Shantiniketan, 3rd Floor, 8 Camac Street, Calcutta 700 017
Tel: 443538, 433947 Cable: 'DECEMDATA' Telex: 021-3274
Meco House, 2nd Floor, 47 Mount Road, Madras 600 002
Tel: 88470, 810835 Cable: 'DECEMDATA' Telex: 041-7272
2nd Floor, 8E Rani Jhansi Road, New Delhi 110 055
Tel: 520465, 520687, 520847, 522128 Cable. 'DECEMDATA'

HTD-DDP-7301

CORPORATE SECTOR

In the market

Sundram Fasteners

Sundram Fasteners Ltd (Regd Office: 180 Mount Road, Madras 600 006) is entering the capital market on February 1, 1982 with a public equity issue of 14,53,180 shares of Rs 10 each at a premium of Rs 4 per share with triple objectives: one, to comply with the government directive to offer 49 per cent of its equity capital to the public; second, to provide part of the finance for the company's modernisation, replacement and product improvement programmes; and to augment long-term working capital needs of the company. The issue will close on February 11 or earlier but not before February 3.

Mr Suresh Krishna, chairman and managing director of the company, told newsmen in Bombay last week that the company had two plants to make high tensile fasteners with a combined capacity of 6,000 tonnes. It was now diversifying into the high technology field of cold forming/extrusion by setting up a 600-tonnes-annual capacity plant at Hosur, and also proposed to set up a plant at Hosur to make 2,000 tonnes of automotive powder metal parts. Discussing prospects of the company, he felt that turnover should rise to Rs 15 crores in 1981-82 and Rs 22 crores in 1982-83 from Rs 10.15 crores in 1980-81. He expected present proportion of profits to be maintained as also dividend at 18 per cent.

Madhya Pradesh United Polypropylene

Madhya Pradesh United Polypropylene Ltd (Regd Office: E-1/23, Area Colony, Bhopal 462 002) is entering the capital market on January 27 next with a public issue of 11.76 lakh equity shares of Rs 10 each, totalling Rs 1.176 crores. The subscription list will close on February 6 or earlier but not before January 29.

Mr Rajkumar Gupta, chairman of the company, told newsmen that the proceeds of the equity issue will partly meet the cost of the Rs 5.7-crore project for the manufacture of 800 tonnes annually of electric grade biaxially oriented polypropylene film BOPP(E). The project was being located on Chiklod Road, very near Bhopal Heavy Electricals, Ltd, itself a major user of BOPP(E) film. Mr Gupta disclosed that this would be the country's first plant to make BOPP(E) film which was entirely being imported at present to meet the needs of the manufacturers of high and low tension power capacitors, insulation tapes, cable tapes, etc. A market for the product had already been established by the company by supplying BOPP(E) film made by its collaborators, Mitsubishi Rayon Co of Japan. Meanwhile, plant and machinery, both imported and indigenous, has started arriving and, according to Mr Gupta, the project should go into production as scheduled in June next.

The virtue of the project lies in that great emphasis is being laid on cutting energy losses in transmission and distribution of power, and, therefore, electricity boards have made it mandatory for consumers to use electric capacitors. In view of this the company may have to double the BOPP(E) film capacity in 1984 to cater to increased demand. According to Dr S. R. Pruthi, consultant to the company, even then the company will be able to meet hardly two-thirds of demand in the country. Incidentally the project will be the fifth of its kind in the world.

Incorporated in May 1978, the company is a joint venture of Madhya Pradesh State Industries Corporation Ltd and United Builders Construction (India) Private Ltd. It is a member of the United Group which is engaged in diverse activities like watch jewels, chemicals pesticides, platics, real estates, etc etc. The technology for BOPP(E) film was available from only two firms in the world—General Electric Co of the USA and Mitsubishi of Japan. The company chose to go in for the latter since its process was found to be superior and no royalty was to be paid to the collaborators.

ABC Products

ABC Products Ltd (Registered office: 43/3 Hazra Road Calcutta 700 019) is offering for public subscription at par 1.60 lakh equity shares of Rs 10 each totalling Rs 16 lakhs. The subscription list opened on January 25 and will close on January 30 or earlier but not before January 27. The company is engaged in the manufacture of engineering and mechanical products.

Madras Shoe Fabrik

Madras Shoe Fabrik Ltd (Registered office: 108, Thambu Chetty Street, Madras 600 001) is offering for public subscription at par 1,59,250 equity shares of Rs 10 each totalling Rs 15.92 lakhs. The subscription list opened on January 20 and will close on February 1. The company is setting a plant at Walajapet for the manufacture of 6 lakh pairs of leather shoes per annum.

Tuticorin Alkali Chemicals

Tuticorin Alkali Chemicals and Fertilisers Ltd (Registered office: 474 Anna Salai, Nandanam, Madras 600 035 is offering for public subscription at pa 63,69,624 equity shares of Rs 10 each totalling Rs 6.37 crores. The subscription list opened on January 20 and will close on February 2 or earlier bu not before January 23. The compan is setting up a plant for the manufactur of 66,000 tonnes of soda ash per annum and 66,000 tonnes of ammonium chloride per annum, at Mulakadu, Distric Tirunelveli in Tamil Nadu. The cost o the project is estimated at Rs 53.20 crores

Other developments

Sudarshan Aluminium: Nasik plant dedicated

Sudarshan Aluminium Industrie Ltd's Rs 2.95-crore extrusion project a Nasik, which had gone into productio in May 1981, was formally dedicated b Mr D. P. Mandelia, special adviser t Hindustan Aluminium Corporation. Th company has a licensed and installed capacity to make 2,400 tonnes annuall of various types of extrusions and plan to add a unit in the near future to manufacture annually 3,000 tonnes of aluminium based alloys. According to Mr Sriram Chokhani, a director of the company, the project could not have materialised but for all assistance given by Hindalco.

Vijeta Rubber Industries in black again

Vijeta Rubber Industries Ltd, which had gone sick between March and July last year, has turned the corner and started making profits. The plant located at Hanuman Junction is the first of its kind manufacturing varieties of rubber products like cycle tubes, retreading rubber, cushion gum, vulcanising cement, automobile mouldings and extrusions, rubberising rollers, tanks and pipes. It has a well equipped tool room and workshop and an analytical laboratory. About 50 per cent of production is sold in Andhra Pradesh and the rest in the remaining southern States.

However, the success achieved by the unit has not come so easily. Flt Lt Vijaya Kumar Khullar, who took initiative in starting this venture, is a Punjabi by birth and did not know the local language, yet he went ahead and set up a private limited company with a capital of Rs 6 lakhs in 1978. However, as the

ruction cost started rising, he ap-
hed A. P. State Financial Corpora-
and A.P. Small Scale Industrial
lopment Corporation Ltd for term
totalling Rs 17.10 lakhs. He also
ased the share capital to Rs 10 lakhs
selling shares to local people and
erted his firm into a public limited
pany. The first phase of the project
completed in October 1980 and the
le project was ready by March 1981.
this stage, some of the local share-
lers felt envy at the success shown
a non-local entrepreneur and they
ted to oust Mr Khullar. Consequent-
he project ran into difficulties and
ame sick. But Mr Khullar called for
extraordinary general meeting in
ich shareholders reposed their con-
nce in him and re-elected him as
naging director of the company. There
been no looking back since then for
project.

rsen & Toubro: Cement project ogressing

Sales and other income of Larsen
Toubro Ltd for the 6 months ended
tember 1981 amounted to Rs 84.90
res compared to Rs 148.95 crores for
year ended March 1981 (The com-
ny's accounting year ending March 31
s been changed to September 30). The
t profit after providing for depreci-
on and taxation was Rs 7.02 crores
s 9.80 crores). The equity dividend
commended for the period under re-
ew is 9 per cent (20 per cent). The
mpany has received the sanction from
e Controller of Capital Issues for issue
bonus shares in the ratio of 3:5. The
nstruction of the cement plant is pro-
essing satisfactorily and it is expected
be commissioned next year. Two
ips of 27,000 dwt capacity are expec-
d to be delivered by March 1982.

amkishan Ispat: Turnover up

Turnover of Ramkishan Ispat
td for the year ended June 1981
creased to Rs 6.52 crores from
s 5.07 crores in the previous year.
he net profit, after providing
s 7.61 lakhs (Rs 7.77 lakhs) for de-
reciation, was Rs 18.85 lakhs
Rs 23.30 lakhs). During the five
nonths ended November 1981, sales
vere Rs 2.76 crores and production
,671 tonnes.

Bells Controls: Higher sales, profits

Bells Controls Ltd has reported
igher sales for the year ended June
981 at Rs 5.38 crores compared to
Rs 4.68 crores in the previous year.
The net profit, after providing Rs
10.28 lakhs (Rs 9.52 lakhs) for de-
preciation and Rs 25 lakhs (Rs 28
lakhs) for taxation, was Rs 21.47
lakhs (Rs 19.26 lakhs). The equity dividend recommended for the year under review is 11 per cent (same).

The company has entered into a technical collaboration agreement with the Foxboro Company of the USA for acquiring technical know-how for manufacture of electronic and pneumatic process control instruments and systems. It is setting up a new unit for manufacture of electronic process control instruments and systems at Belagola, near Mysore. The company is also effecting modernisation and upgradation of technology at its existing plant at Calcutta for manufacture of most sophisticated type of pneumatic process control instruments with the use of latest technology.

Consumer welfare award for Eagle Flask

Eagle Flask has won the 1982 Silver Award for Consumer Welfare, jointly sponsored by the Institute of Marketing and Management and Escorts Ltd. The award was presented to Mr A. C. Padamsee, Managing Director, Eagle Flask Private Ltd by Mr Hidayatullah, Vice-President of India, on January 4, 1982. Eagle has been regularly introducing new models of vacuum flasks and insulated-ware, recognising the changing needs of consumers. The company also takes pains to educate the consumer on proper use of its products through advertising, illustrated literature etc. To maximise the utility of its products, Eagle also makes available to the consumers, spare parts at subsidised prices through an extensive network of dealers and retailers.

Forthcoming company meetings

JANUARY 23 TO JANUARY 29

HOOGHLY BUILDING AND INVESTMENT CO LTD, 5/2, Ram Krishna Lane, Calcutta-700 003. **(January 27, 10 a.m.)**

R. J. SHAH AND COMPANY LTD, M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg Bombay-400 023. **(January 27, 4 p.m.)**

MASCHINENFABRIC POLYGRAPH (INDIA) LTD, M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Bombay-400 023. **(January 28, 2.30 p.m.)**

RAM KISHAN ISPAT LTD, Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, Bombay-400 034. **(January 28, 3 p.m.)**

TUBE SUPPLIERS LTD, SPIC Centre, 4th Floor, Mount Road, Guindy, Madras-600 032, **(January 29, 10 a.m.)**

GAMMON INDIA LTD, Jai Hind College Hall, Backbay Reclamation, A Road, Bombay-400 020. **(January 29, 3 p.m.)**

PRECISION BEARINGS LTD, M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Bombay-400 023. **(January 29, 3·30 p.m.)**

RATNA SUGAR MILLS COMPANY LTD, Nehru Market, Town Hall, Varanasi. **(January 29, 3.30 p.m.)**

Mr A. C. Padamsee, managing director, Eagle Flask Pvt Ltd receiving the 1982 Silver Award for consumer welfare, at the hands of Mr M. Hidayatullah, Vice President.

Financial analysis of operations of non-financial companies

Compiled by Commerce Research Bureau

(Rs lakhs

Name of Company	Rohit Pulp & Paper Mills		Seshasayee Paper & Boards		Star Paper Mills		Titaghur Paper Mills Company		West Coa Paper Mil	
Industry Group	Paper & Paper Products		Paper & Paper products		Paper & Paper products		Paper & Paper products		Paper & Pap products	
	Year ended March		Year ended March		Year ended March		Year ended March		Year ended June	
Item	1980	1981 ★	1980	1981	1980	1981	1980	1981	1980	1981
Liabilities (at the end of the year)										
1. Net worth (i+ii)	264.4	300.9	936.0	942.8	802.0	781.4	1,223.9	1,222.6	1,198.4	1,201
(i) Paid-up capital (a+b)	96.0	96.0	525.0	525.0	319.1	319.1	504.0	504.0	500.0	500
(a) Equity	96.0	96.0	525.0	525.0	269.1	269.1	473.1	473.1	410.0	410
(b) Preference	—	—	—	—	50.0	50.0	30.9	30.9	90.0	90
(ii) Reserves	168.4	204.9	411.0	417.8	482.9	462.3	719.9	718.6	698.4	701
2. Borrowings (i+ii)	209 8	337.0	1,672.8	1,623.8	404.6	617.9	1,133.6	1,583.3	800.7	798
(i) Long-term	96.8	171.7	900.3	852.8	177.3	137.5	654.8	984.5	122.6	74
(ii) Short-term	113.0	165.3	772.5	771.0	227.3	480.4	478.8	598 8	678.1	724
3. Non-current liabilities and provisions	—	—	—	—	—	—	—	—	.3.1	16
4. Current liabilities and provisions	132.6	111.6	418.6	462.9	410.5	400.5	1,141.8	1,180.1	322.9	569
Assets (at the end of the year)										
5. Gross fixed assets	502.7	667.8	3,426.1	3,499.9	1,696.5	1,836.6	2,827.0	3,250.1	2,541.5	2,772
6. Less depreciation	189.2	212.8	1,112.9	1,270.9	983.7	1,043.3	1,476.9	1,600.1	1,468.6	1,606.
7. Net fixed assets (5—6)	313.5	455.0	2,313.2	2,229 0	712.8	793.3	1,350.1	1,650.0	1,072.9	1,166.
8. Current assets (i+ii+iii)	293.3	294.5	714.2	800.5	904.3	1,006.5	2,149.1	2,335.9	1,141.9	1,293.
(i) Inventories	197.6	222.7	430 6	570.7	702.6	741.1	1 134.8	1,173.0	821.5	987.
(ii) Receivables and loans and advances	86.0	61.4	250.5	204.2	180.8	243.9	910.6	1,064.4	289.7	274.
(iii) Others	9.7	10.4	33.1	25.6	20.9	21.5	103.7	98.5	30.7	31.
9. Other assets	—	—	—	—	—	—	0.1	0.1	130.3	126
Total: Liabilities (1 to 4) or Net assets (7 to 9)	**606.8**	**749.5**	**3,027.4**	**3,029.5**	**1,617.1**	**1,799.8**	**3,499.3**	**3,986.0**	**2,345.1**	**2,585**
Value of production and other income										
10. Sales/income net of excise duty, discounts and selling commission	994.4	741.3	2,216.6	2,977.7	1,416.4	1,797.3	3,952 6	4,325.6	1,863.8	3,061.
11. Increase in stock of finished goods and work in progress	–2.5	–22.5	7.4	3.3	32.0	–11.0	41.1	10.8	44.9	9.
12. Value of production (10+11)	991.9	718.8	2,224.0	2,981.0	1,448.4	1,786.3	3,993.7	4,336.4	1,908.7	3,071.
13. Other income	4.8	9.1	44.9	50.9	34.1	33.8	55.4	58.6	57.2	95.
Expenditure										
14. Materials, stores and other mfg. expenses	674.4	490.1	1,315.4	1,893.4	901.2	1,243.8	2,436.4	2,808.0	1,249.5	2,183.
15. Current repairs	11.1	9.8	120.9	135.5	41.6	69.4	33.2	26.5	22.1	32.
16. Salaries and wages	59.8	61.1	215.4	330.2	222.3	259.5	987.2	1,007.8	282.6	403.
17. Welfare expenses	1.4	2.8	26.5	34.3	13.3	15.1	59.0	63.9	40.0	56.
18. Managerial remuneration	0.2	0.2	—	—	1.3	—	0.5	—	—	0
19. Other expenses	56.7	59.4	153.2	181.8	68.0	82.6	164.9	180.0	113.1	118.
20. Depreciation	28.5	33.3	162.7	163.3	79.6	83.5	121.1	123.9	143.9	141.
21. Other provisions	—	—	—	—	—	—	—	—	—	—
22. Operating profit (12+13)—(14 to 21)	164.6	71.2	274.8	292.9	155.2	66.2	246.8	184.9	114.7	230.
23. Interest	21.1	39.2	208.9	223.4	49.8	79.5	109.9	156.7	127.0	166.1
24. Tax provision	72.0	—	—	—	—	—	—	—	—	22.0
25. Profit after tax (22—23—24)	71.5	32.0	65.9	69.5	105.4	–13.3	136.9	28.2	–12.3	42.
Appropriations										
26. Dividends (i+ii)	13.4	11.5	63.0	63.0	31.5	31.5	49.9	40.5	—	38.6
(i) Equity	13.4	11.5	63.0	63.0	26.9	26.9	47.3	37.9	—	24.6
(ii) Preference	—	—	—	—	4.6	4.6	2.6	2.6	—	14.0
27. Profit retained (25—26)	58.1	20.5	2.9	6.5	73.9	–44.8	87.0	–12.3	–12.3	3.4
Total: Value of production and other income (12+13) or Expenses and appropriations (14 to 22)	**996.7**	**727.9**	**2,268.9**	**3,031.9**	**1,482.5**	**1,820.1**	**4,049.1**	**4,395.0**	**1,965.9**	**4,166.5**
Operational indicators (per cent)										
(a) Net worth/total net assets	43.6	40.1	30.9	31.1	49.6	43.4	35.0	30.7	51.1	46.5
(b) Inventories/net sales	19.9	30.0	19.4	19.2	49.6	41.2	28.7	27.1	44.1	32.3
(c) Operating profit/net sales	16.6	9.6	12.4	9.8	11.0	3.7	6.2	4.3	6.2	7.5
(d) Operating profit/total net assets	27.1	9.5	9.1	9.7	9.6	3.7	7.1	4.6	4.9	8.9
(e) Profit after tax/net worth	27.0	10 6	7.0	7.4	13.1	..	11.2	2.3	..	3.5
(f) Equity earning/equity capital	74.5	33.3	12.6	13.2	37.5	..	28.4	5.4	..	6.8
(g) Equity dividend	14.0	12.0	12.0	12.0	10.0	10.0	10.0	8.0	—	6.0
(h) Equity dividend coverage. (No. of times)	5.3	2.8	1.1	1.1	3.8	..	2.8	0.7	..	1.1
(i) Paid-up value per equity share (Rs.)	100.00	100.00	10.00	10.00	10.00	10.00	10.00	10.00	100.00	100.00
(j) Market price of an equity share (Rs.)	210.00	215.00	12.00	10.43	14.12	12.22	8.50	6.75	120.00	102.68
(k) Gross yield	6.7	5.6	10.0	11.5	7.1	8.2	11 8	11.9	..	5.8
(l) Gross fixed assets formation	11.1	32.8	2.7	2.2	12.7	8.3	6.6	15.0	3.8	9.1
(m) Debt/equity	0.37:1	0.57:1	0.96:1	0.90:1	0.22:1	0.18:1	0.54:1	0.81:1	0.10:1	0.06:1

NOTES: ..Category not applicable ... Amount/Precentage is negligible —Amount is nil N.Q. Not quoted N.A. Not availabl
The profit figures shown in the above statement have been calculated by making, wherever necessary, additions or deductions of variou
items so as to show the true profit pertaining to the particular year on a uniform and comparable basis. Similar adjustments are sometime
made in other itemes also. Totals may not add up due to rounding off. ★ = 15 months period.

QUITIES

THE WEEK'S PRICE RANGE (Compiled by Commerce Research Bureau)

pt retreat

Bombay, January 18

ter a steady and progressive during the major part of the week, equities abruptly re- ed on emergence of a some- nervous selling at improved s towards the end of the 's session. Activity was mode- and the undertone at the was subdued.

e sudden reverse in the for- s of equities was attributed to unexpected and sudden change he Finance Ministry. In a ping reshuffle of the Union net Mr Pranab Mukherjee has appointed Finance Minister lace of Mr R. Venkataraman has been shifted to Defence. Venkataraman was the Fin- Minister for the past two s and his two Budgets for -81 and 1981-82 were hailed narketmen as savings-oriented gets. The change in the Fin- portfolio, therefore, induced ng pressure. The indefinite ke called by Dr Datta Samant n January 18 onwards in the ile mills in Bombay also invi- offerings especially in textile es.

entury dropped by Rs 24 to 928 and Standard by Rs 11 to 354. The latter has been on decline immediately after ali because of the strike for her bonus. The scrip nosedived over 200 points in about two- -a-half months. Morarjee Mills ded Rs 15 at Rs 215, Khatau 5 at Rs 230 and Bombay Dye- Rs 3.50 at Rs 72. Tata Mills, vever, held the ground at Rs 25. ewhere, the marked losers were LCO, Voltas, and PAL, losing 15 at Rs 712, Rs 6 at Rs 260 Rs 7 at Rs 384. The other ak spots were G.E. Shipping, lychem, Gwalior Rayon, Hin- stan Motors, Larsen, Mukand d Tata Steel. Cement shares, wever, improved further on ex- tations of partial decontrol. C advanced further by Rs 3 to 278 and Digvijay Cement by much as Rs 30 to Rs 217.50.

In the cash section, the worst fferers were Baroda Rayon, S.I. scose, Gujarat Steel, Kirloskar ummins, Mafatlal Engineering, SFC, NOCIL, PIL and Colgate. the other hand, there were o firm features, namely, Inger- ll and MICO. The former rdened by Rs 17 to Rs 148 and e latter by Rs 17.50 to Rs 440. C also came in for fresh sup- rt and recorded a rise of Rs 5 Rs 305.

	Closing quotations 9-1-82	High	Low	Closing quotations 16-1-82
CLEARED SECURITIES	Rs.	Rs.	Rs.	Rs.
Textiles				
Ahm. Advances (100)	177.50	—	—	177.50*
Bombay Dyeing (25)	75.50	77.00	70.00	72.00
Central India (50)	54.00	53 00	50 00	51.00
Century (100)	952.00	951.00	926.00	928.00
Dawn (50)	60 00	62.00	58.00	58.00
Elphinston (50)	50.00	—	—	50.00*
Finlay (100)	91.50	90.00	90.00	90.00
Gokak (100)	202.00*	—	—	202.00*
Gwalior Rayon (10)	60.50	60.50	50.50	58.50
Khatau (100)	235.00	240 00	230.00	230.00
Koninoor (100)	51.00	53.00	51.00	51.00
Morarjee (100)	230.00	235.00	210.00	215.00
National Rayon (100)	335.00	335.00	320.00	320.00
New Great Eastern (100)	78.75	80.00	80.00	80.00
Phoenix (100)	42.00*	—	—	42.00*
Podar (10)	7.50	—	—	7.50*
Shreeniwas (100)	85.00*	—	—	85.00*
Simplex (50)	63.00	63.00	62.00	63.00
Standard (100)	354.00	360.00	343 00	343.00
Svadesh (100)	167.00	168 00	165.00	168.00
Swan (100)	215.00	200.00	190.00	190.00
Tata Mills (25)	25.00	27.00	25.00	25.00
Electric				
Ahmedabad (100)	96.00	96.50	93 75	95.00
Andhra Valley (100)	102.50	104.00	102 00	104 00
B.Suburban (100)	127.50	127.50	125.00	126.25
Tata Hydro (100)	109.50	112 00	109.00	109.00
Tata Power (100)	113.00	113.00	110.50	113.00
Steel				
Mukand (10)	33.50	33.50	30.75	32.00
Tata Steel (100)	366.00	378.00	363.00	364.00
Engineering				
Larsen & Toubro (10)	60.00xr	60.50	58 25	59.25
Tata Eng. & Loco (100	727.00	738.00	711.00	712.00
S.L.M. Maneklal (100)	167.50*	—	—	167.50*
Voltas (100)	266 00xd	268.00	260.00	260.00
Walchandnagar (10)	27.75cd	30.00cd	28.00xd	28.00xd
Dyes & Chem				
Amar Dye-Chem (100)	145.00	130 00	130 00	130.00
Indian Dyestuff (100)	214.00	210.00	208.00	210.00
Polychem (50)	59.00	58 00	54.00	57.00
Tata Chemical (10)	51.00	52.50	50.25	51.00
Shipping				
Great Eastern (10)	41.50	42 00	37.50	40 00
Scindia (20)	19.00	19.35	18.60	18.75
Cement				
A.C.C. (100)	275 00	297 00	266 50	278.00
Shree Digvijay (100)	187.50	225.00	202.50	217.50
Sugar				
Maharashtra (50)	45.00	45.00	43.00	44.00
Phaltan (50)	30.00	34.00	30.00	31.00
Miscellaneous				
Bombay Burmah (25)	44.50	44.50	44 00	44.50
Hindustan Motors (10)	32 00	31 50	30.50	30.75
Premier Automobiles (100)	391.00	407 00	380.00	384.00
Pre. Construction (50)	120 00	121 00	115 00	121.00
Sirpur Paper (10)	23 00xd	23 25	22.00	23 00
Tata Oil (25)	62.00	63 00	58.50	58 50
W. Coast Paper (100)	100 00	100.00	97.50	100.00
Wimco (10)	18.50	13.75	13.50	13.50
NON-CLEARED SECURITIES				
Textiles				
Baroda Rayons (100)	466.00	467.00	439.00	440.00
Century Enka (100)	645.00	650.00	615 00	615 00
Garware Nylons (10)	45.50	45 75	44.50	45 00
Gold Mohur (100	92 00*	—	—	92.00*
Indian Rayon (10)	95 00	95.00	91 00	91.00
J. K. Cotton (10)	15 50	15 50	15 50	15 50
J. K. Synthetics (10)	68 00	68.75	65 50	66.00
Lakshmi Vishnu (100)	61.00*	61.00	61.00	61.00
Mafatlal Fine (100)	222.50	222 50	218 75	222 50
Mafatlal Industries (125)	377 50	377.50	373.75	373 75
Modella Woollen (10)	9 25	—	—	9 25*
Nirlon (10)	45 00xr	45.00	40.75	40.75

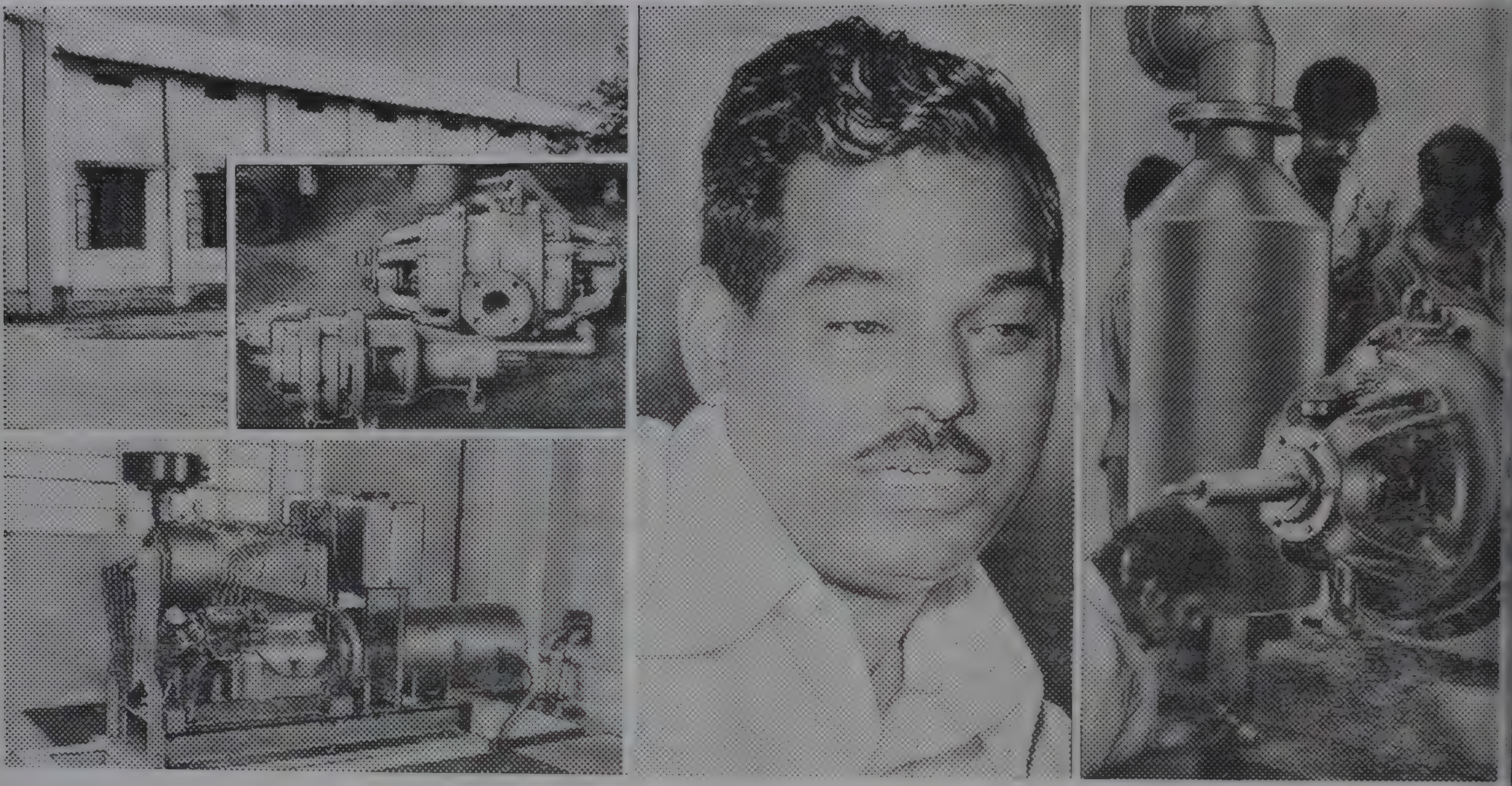
	Closing quotations 9-1-82	High	Low	Closing quotations 16-1-82
NON-CLEARED SECURITIES	Rs.	Rs.	Rs.	Rs.
Textiles				
Raghuvanshi (100)	131.00*	—	—	131.00*
Raymond Woollen (10)	56.00*	56.00	55.00	55.50
Reliance Textile (10)	123.00	125.00	122 25	125.00
S. I. Viscose (100)	235.00	235.00	225.00	227.50
Stretch Fibres (10)	10.25	9.50	9.25	9.50
Swadeshi Polytex (10)	16.50	17.00	16.50	16.75
Electric				
Amalgamated (10)	6.75*	—	—	6.75*
Surat (100) ...	100.00*	101.00	100.00	100.00
Cement				
Mysore Cement (10)	33.00*	39.00	35.00	37.00
Saurashtra Cement (100)	100.00*	100.00	100.00	100.00
Paper				
Andhra Paper (100)	182.50	—	—	182.50*
Bhadrachalam (10)	15.00*	—	—	15.00*
Jayant Paper (100)	165.00xd*	140.00	130.00	140.00
Rohit (100)	215.00	—	—	215.00*
Steel, metals, alloys				
Ennore Foundries (10)	38.00	—	—	38.00*
Ferro Alloys (100)	265.00	265.00	257.50	265.00
Hind Aluminium (10)	48.50	48.50	46.00	47.00
Khandelwal Ferro (100)	132.50	135.00	130.00	131.25
Mahindra Ugine (10)	64.00	64.00	60.00	61.00
Tata Yodogawa (100)	127.50	—	—	127.50*
Engineering				
Associated Bearings (100)	405.00	405.00	402.50	405.00
Bimetal Bearings (10) ...	29.00xr	29.75	29.00	29.25
Blue Star (10)	35.50	35.50	34.50	35.00
Elecon Engineering (10)	36.50	36.00	36.00	36.00
Gujarat Steel Tube (100)	390.00	380.00	355.00	365.00
Hindustan Brown (100)	293.75*	—	—	293.75*
Ingersoll-Rand (10) —	133.00	148.00	131.00	148.00
Jyoti (100) ... —	211.25	209.75	197.00	200.00
Kamani Eng. (10)	80.00	80.00	77.00	80.00
Kirloskar Cummins (100)	692.50	692.50	672.50	672 50
Kirloskar Oils (10) ...	24.50	25.00	24.25	25.00
Kirloskar Pneumatic (10)	45.75	46.00	45.50	45.50
Mahindra (10) ... —	59.00	62.00	57.00	58.00
New Standard (100) —	112.50	115.00	107.50	107.50
Sandvik Asia (100) —	360.00	360.00	356.25	360.00
Vulcan-Laval (10) —	31.50	32.00	31.00	31.50
Zenith Steel (10) —	53.00	55.00	53.00	53.00
Cables & Elec.				
Asian Cables (100) —	210.00	—	—	210.00*
Bajaj Electricals (100) ...	180.00*	—	—	180.00*
Crompton Greaves (100)	355.00	352.50	352.50	352.50
Otis Elevator (10) —	32.50	32.00	30.00	30 00
Siemens India (10) —	64.00	65.50	63.00	63.00
Chemicals				
BASF (10) ... —	43.00	42.00	39.00	40.00
Bayer (India) (100) —	210.00	210.00	210.00	200.00
Chem & Fibres (10) —	22.00	22.50	22.00	22.50
Colour-Chem (100) —	180.00	185.00	180.00	182.50
German Remedies (10)	27.00	27.75	26.75	27.50
Gujarat State Fert. (100)	506.00	527 00	506.00	506.00
Hindustan Lever (10) —	53.50	57.00	53.50	54.00
Indian Organic (100) —	300.00	315.00	302.50	305.00
National Organic (100)	195.00	198.00	190.00	190.00
Pfizer (10) ... —	24.00	24.00	23.50	24.00
Polyolefins Ind. (100) —	330.00	335.00	325.00	325.00
Sandoz (10) ... —	32.00	32.50	29.00	29.25
Synthetics (100) —	84.00	83.00	78.00	82.00
Warner-Hindustan (10)	23.00	22.00	21.00	21.00
Zuari Agro (10)... —	26.00	26.00	23.75	23.75
Miscellaneous				
Bajaj Auto (100)	1610.00	1610.00	1600.00	1600.00
Bombay Oxygen (100)	120.00	118.75	118.25	118.75
Cadbury (10)	24.00	24.00	23.25	23.25
Camphor & Allied (100)	225.00	220.00	195.00	195.00
Ceat Tyres (100)	212.50	202.50	195.00	200.00
Colgate-Palmolive (10)	152.00	152.00	146 00	146.00
Empire Industries (15)	25.75	26.00	25.50	26 00
Fibre glass (10) —	18.25	18.00	16.00	16.75
Gammon India (10) —	24 00	24 50	22.00	22.25
Hindustan Ferodo (10)	38.25	39.50	38.25	39.50
Hoechst Dyes (10) —	26.00	26.00	25 00	26.00
Indian Hotels (10) —	94.00	95 00	90.00	90.00
Motor Industries (100)	416.25	470 00	420.00	440.00
Tata-Finlay (10) —	12.25	12.75	12.25	12.25

Notes : Figures within brackets indicate the paid-up value of shares. xd—Ex—dividend. cd—Cum-dividend. xr—Ex—right. cr—Cum—right.

(a) An asterisk mark after the quotation indicates the closing prices of the last official trading and not of the date indicated in the columns.

(b) The dash (—) in the columns for 'High' and 'Low' means that no official trading in the share had taken place during the period under report

A break in power in one industry disrupts the manufacturing process in several others



"Quite correct," says Mr. Ramachandra Rao, Executive Director of the Kakati Karshak Industries Ltd, Hyderabad.

"Ours is a pump manufacturing unit. We custom-build pumps for chemical, paper and pharmaceutical industries. In this highly specialised field we bagged the second position... an enviable position achieved purely by prompt delivery of our excellent pumps.

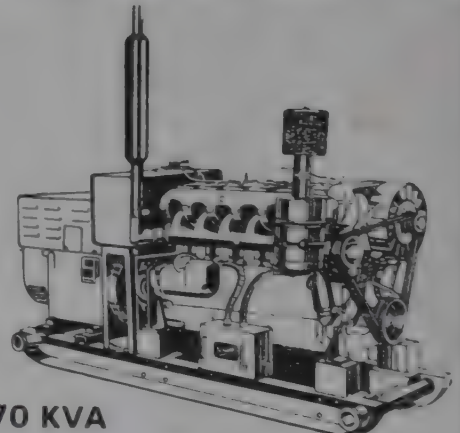
If a pump is not supplied on time, or isn't of top quality it would ruin our client's project, plant or processing system ... resulting in losses worth lakhs.

To keep this total control over our quality and committed delivery schedules we needed a continuous power supply ... a very reliable genset. Being a small scale enterprise we were very careful in our choice. We went in for a Kirloskar genset. A 100% reliable genset backed by dependable Kirloskar service."

Need we say more?

Kirloskar

KIRLOSKAR ENGINEERING PRIVATE LIMITED



Range: 2.5 to 70 KVA

For hospitals, hotels, poultry industries and cinema theatres

Call on us or write to us today

Please send me your quotation and literature on Kirloskar Gensets:

Genset required ....KVA/KW

Company name ____________

Address ____________

Mail to Kirloskar Engineering Private Limited
15/16, Kaka Halwai Industrial Estate
Parvati, Pune 411 009 (India)
Phone: 440621, 445663 ● Telex: 0145-260.

PRATIBHA 81-314

Market Gossip

ncertain share markets

HE share markets seemed to be uncertain in their attitude to the shuffling of the Union Cabinet hich has brought in Mr Pranab umar Mukherjee as the Finance inister and shifted Mr R. Venkata- man to the Defence portfolio. Mr enkataraman had proved a good iend of the share markets with his udgets that tried to encourage vings and investment. The market xpected another favourable budget om him on February 27. The mar- ets are not sure about the thinking f Mr Pranab Kumar Mukherjee, the ew Finance Minister. The initial eaction was to be cautious and the arkets staged a retreat following he change in portfolio, though they id not turn nervous. In Bombay, or instance, Century declined from Rs 942 to Rs 928 and ACC, which had hot up from Rs 276 to Rs 296 on eports about partial decontrol of ement, retreated to Rs 278 during he day's trading. Some recovery, owever, was staged by these two hares in unofficial trading just as Tata Steel, Telco and Gujarat Ferti- izers did after declining sharply in he official trading session.

The recovery in kerb dealings could be traced to the feeling among marketmen that Mr Pranab Kumar Mukherjee could be expected to be as pragmatic as Mr Venkataraman. His handling of the Commerce portfolio has been generally appreciated; he also acquitted himself well in the second portfolio of Steel and Mines which he held. Spokesmen of the steel industry had congratulated him when he decontrolled items like billets and bars and agreed to a hefty hike in prices for controlled categories of steel, which decisions have helped to push up the Tata Steel ordinary in the market to over Rs 370. The cotton textile industry has also been looking forward to some relaxations in credit controls and additional bank accommodation after their talks with Mr Mukherjee and which they are to pursue with the Reserve Bank of India. Now that Mr Mukherjee is holding the finance portfolio, the task of getting the Reserve Bank to agree to more credit for the textile industry may be easier. It is on these calculations that kerb dealings in Bombay staged a recovery.

In the capital, New Delhi, itself the reaction to Mr Mukherjee taking over the finance portfolio was much more sharp. It led to a selling spree and sharp decline in prices of almost all scrips on the Delhi Stock Exchange. There the market sources did not expect much of a tax relief from the new Finance Minister, who, on the other hand, it was felt, might use the official machinery against industries to bring down prices.

Bank overtime

AT least some banks in Calcutta seem to have acted on the recent Central Government's directive to banks to cut their overtime bills by 50 per cent. This, it is reported, upset the work in those banks and bank managers and officers had to face customers' wrath because interest calculations of savings accounts and fixed deposits were not completed before December 31, 1981. The Finance Ministry is obviously concerned over the fact that overtime bills in banks have increased staggeringly over the years. It appears it has set permissible overtime quantum of 175 hours a year for the bank employees and bank managements were caught napping because most banks had already exceeded this limit in respect of their employees. Many banks faced with the task of getting the accounts closing completed allowed extra overtime but apparently some banks did not and it is they who had to face the wrath of customers.

Glittering diamonds

THE diamond processing industry is hopeful that it will reach an export target of Rs 1,500 crores by 1984-85. This will be nearly trebling the exports of Rs 591 crores in 1980-81. The industry seems to feel that it can attain this target looking to the stupendous rise in exports that has taken place in the last nine or ten years. Exports of diamonds totalled only Rs 60 crores in 1972-73. But by 1977-78 they had advanced to as much as Rs 517 crores. In 1978-79 they rose to the peak of Rs 693 crores before dropping to Rs 550 crores in 1979-80 and Rs 591 crores in 1980-81. Shipments of diamonds during the first nine months of 1981-82 are placed at Rs 519 crores and the industry expects that over the year as a whole these will amount to about Rs 700 crores.

Easy pepper

THE low price levels being sought by the pepper market have come as a surprise to the growers, particularly because the arrivals have not been that heavy this season. According to market circles, the output is expected to be only marginally higher this year at some 40,000 tonnes as against 36,000 tonnes in 1980-81. And yet the January contract for pepper at Cochin port has slumped over the past three weeks from Rs 1,295 per 100 kg to Rs 1,195, though latterly a modest improvement to Rs 1,205 has been seen. What is surprising is that export outlook is also not that bleak as to cause a downfall in values. Only recently Russia is understood to have bought 6,000 tonnes for shipments between January and April at as good a price as Rs 13,200 per tonne. Besides, some East European countries have also committed to buy a thousand tonnes, though at slightly lower prices.

It may be recalled that the International Pepper Community, in its bid to improve and stabilise prices of this commodity, had recently urged producing countries not to press supplies at prices lower than the floor prices fixed by it. Yet, if the prices are declining in India, it could be only attributed to tight money market. Since the credit squeeze continues, it remains to be seen if prices will dip further. Market sources, of course, believe they will.

How commodities moved

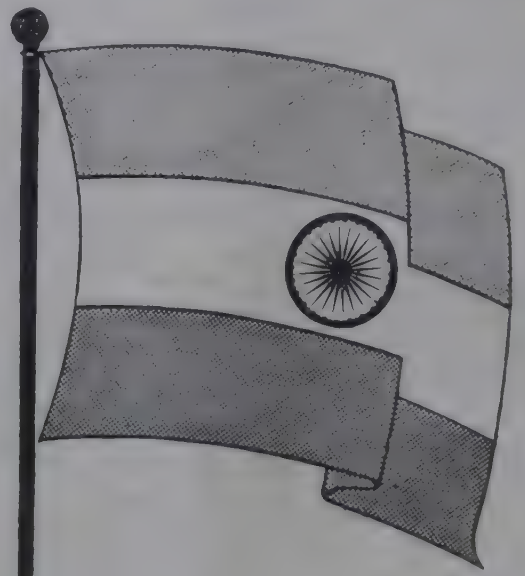
By Commerce Research Bureau

(Rs per quintal*)

Commodity/Market		*January 16, 1982*	*A week ago*
Groundnut	(*Rajkot*)	508	508
Rapeseed	(*Kanpur*)	455	478
Sesamum	(*Delhi*)	585	628
Castorseed	(*Kanpur*)	293	303
Linseed	(*Kanpur*)	533	538
Sugar	(*Bombay*)(*a*)	613	632
Cotton	(*Bombay*) (*b*)	4,425	4,500
Jute	(*Calcutta*) (*c*)	240	240
Aluminium	(*Bombay*) (*d*)	1,610	1,560
Copper	(*Bombay*) (*e*)	3,300	3,290
Lead	(*Calcutta*) (*f*)	1,250	1,150
Zinc	(*Calcutta*) (*g*)	1,760	1,730
Gold	(*Bombay*) (*b*)	1,737	1,730
Silver	(*Bombay*) (*i*)	2,615	2,615
Caustic soda	(*Bombay*) (*j*)	582	582
Soda ash	(*Bombay* (*k*)	234	232

* In terms of 10 gm for gold, kg. for silver and candy for cotton

(a) C-30, (b) CJ-73, (c) W-5, (d) Scrap, (e) Wire bar, (f) Scrap, (g) Hard spelter, (h) Standard, (i) 996, (j) Flakes and (k) Tata..



Let Us Work for a Just Social Order, Possible Only With Unity of Purpose & Through Hard Work and Co-operation

ONE NATION ONE PEOPLE

davp 81/271

COMMODITIES

tton : Values may ode further

Bombay, January 18

\ further erosion in cotton lues is quite on the cards th a general strike called in textile industry from Janu- y 18. And, ironically enough, e worst to suffer on this count will be the Maharash- a State Co-operative Market- g Federation and the Cotton orporation of India, the main ockists.

The production loss per day r the textile industry during e strike period, as already dicated in these columns will verage Rs 2.5 crores, Each ill on an average, will lose a inimum of half-a-lakh of upees per day. Whether this ill push the costs of produc- on and make the cloth cost- er to the consumer even at a ime of demand recession re- ains to be seen. The city mills ccount for bulk of the produc- ion that goes into export. Vhatever little advantage that ndia has on account of the inalisation of MFA-III would e lost if the mills are preven- ed from keeping their nachines running.

The wage demands put for- vard by different labour unions vill put an additional burden n the industry of Rs 100 rores to Rs 150 crores per nnum, which will indeed be heavy cross for the cotton extile mills to bear. In the ircumstances, it is feared that the critical conditions already confronting the industry will be aggravated further by a prolonged strike. It would be in the interest of labour and management if an amicable settlement is arrived at without any prolonged trial of strength. The law and order machinery will be in full gear to see that willing workers are allowed to do their duty.

Meanwhile, the myth that a strike and a prolonged one at that will be a blessing in disguise will also be exploded. An aggravation of a crisis can never be its solution. In the perilous situation that most mills find themselves today, an extended strike will definitely lead to sporadic closures and cause more unemployment.

The following has been the trend of prices of some of the leading varieties.

(Rs per candy)

	January 15	January 9
Kalyan	...	4,050-4,100
Saurashtra CO2	4,250	4,250-4,350
Sankar 4	5,200-5,350	5,200-5,350
MP Y1	4,590-4,600	4,500-4,600
MP Varalaxmi	4,800-5,000	4,950-5,250
MCU 5 Guntur	5,200-5,300	5,200-5,300
H4	5,600	5,606

CONSULTANTS REQUIRED

Manufacturing or Consultancy Firms/Individuals interested in offering consultancy in fields of their specialization are required for our foreign clients. Kindly contact or write to S. R. Khanna, 71, M. G. Road, Inside Kay Davy Shop, Gr. Floor, Fountain, Bombay 400 001.

Phone : 274810/274367.

Jute goods subdued

Calcutta, January 11

With overseas interest continuing to run at a low level, subdued conditions persisted in the Calcutta gunny market as buyers remained on the sidelines without making new commitments. Domestic consumers too were few and far between with the result that business during the week remained at a low ebb. Prices of both hessian and sacking consequently sought lower levels.

Trade sources, however, believe that overseas interest would revive soon in view of the fact that buying by major consumers including the US had been keeping off the market for quite some time. With the harvest in most states well in progress or completed, demand for packing from internal buyers too would pick up providing for a fillip to the market.

However, the industry is somewhat concerned over developments like aggressive trade union activities in support of workers' demands. For instance the IJMA office was gheraoed for a period by workers led by the Congress (S) unions in support of higher bonus and wage benefits. It was pointed out that agitations that would disturb the management staff and disrupt production would only keep foreign buyers away from the country because none would prefer to place orders in the face of uncertainty.

The fibre market was somewhat steady with W-5 grade jute held around the minimum level of Rs 231 per quintal throughout the week. Business was, however, not large because mill buying was confined to limited quantities to meet their urgent requirements. At the same time arrivals were fairly moderate.

Castor, oil better

Bombay, January 18

Castorseed and its oil were in a better form in the oilseeds market due mainly to fair inquiries from exporters and encouraging advices from producing centres. Castorseed Madras small and Kanpur bold improved by Rs 8 each to Rs 334 and Rs 324 per 100 kg. Castor commercial oil and BSS oil moved up by Rs 1.25 each to Rs 71.25 and Rs 76.25 per 10 kg.

Groundnut and its oil were

FORM I—A

(See Rule 4A (I))

Form of General Notice to be given to the members of the public before giving Notice to the Central Government under sub-section (I) of Section 21 of the Monopolies and Restrictive Trade Practices Act, 1969.

NOTICE

It is hereby notified for the information of the public that The Asiatic Oxygen & Acetylene Co. Ltd. proposes to give to the Central Government in the Department of Company Affairs, New Delhi, a notice under sub-section (I) of Section 21 of the Monopolies and Restrictive Trade Practices Act, 1969 for substantial expansion of its activities. Brief particulars of the proposal are as under :—

(i) Name (s) of person(s)/body corporate owning the undertaking. : The Asiatic Oxygen & Acetylene Co. Ltd.
8, B.B.D. Bag East, Calcutta-1.

(ii) Capital structure of the applicant undertaking. : Authorised capital Rs. 4,00,00,000/-
Issued Rs. 7,00,000/-
Subscribed Rs. 7,00,000/-

(iii) Details of the proposed substantial expansion.

(a) Name of new goods to be produced, supplied, controlled or distributed or of new services to be rendered. : —

(b) In the case of substantial expansion of existing activities.

(i) Name of goods : Nitrogen Gas

(ii) Capacity before expansion. : 29,46,554 cu.m/annum

(iii) Expansion proposed: 5.00.000 cu.m/annum.

(iv) Location of the project for substantial expansion. : Barauni (Bihar).

(v) Brief outline of the cost of the project, the scheme and sources of finance : No investments is envisaged on land, building and plant & machinery as all the required production facililies are already available. Investment would be necessary only on cylinders required for marketing the product.

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affaired, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this, notice Intimating his views on the proposai and indicating the nature of his interest therein.

Sd/-
(S. L. Daga)
Secretary

Culcutta,
28th Dec. 1981

THE STANDARD MILLS COMPANY LIMITED

Regd. Office : Mafatlal Centre, Nariman Point, Bombay 400 021

NOTICE

It is hereby notified for the information of the Public that The Standard Mills Company Limited, Mafatlal Centre, Nariman Point, Bombay-400 021, proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi, under sub-section (2) of Section 22 of the Monopolies & Restrictive Trade Practices Act, 1969 for approval for the establishment of a new undertaking for the production, supply, distribution, or control of 1,50,000 tonnes of Sponge Iron per annum. Other particulars of the proposed new undertaking are as under :

(i) Name of the proposed undertaking : THE STANDARD MILLS COMPANY LIMITED. (The proposed undertaking will be an unit of the Company).

(ii) Name(s) of persons (s) or authority/authorities proposing to establish the new undertaking : The proposed undertaking will be established by The Standard Mills Company Limited, an existing Company witnin the meaning of the Companies Act, 1956.

Where it is a body corporate, furnish details of its Management structure together with those of the proposed undertaking : The Company is managed by the Managing Director and the Wholetime Directors, subject to the superintendence, control, direction of the Board of Directors of the Company, consisting of :

1. Shri Rasesh N. Mafatlal Chairman & Managing Director.
2. Shri V. Ramadurai Whole-time Director
3. Shri C.C. Maniar Whole-time Director
4. Shri Yogindra N. Mafatlal
5. Shri Jayantilal D. Vasa
6. Shri Padmanabh A. Mafatlal
7. Shri Russi Jal Taraporevala
8. Shri Padmakant K. Shah
9. Shri Harish Mahindra
10. Dr. F. A. Mehta
11. Shri J. P. Thacker
12. Shri J. N. Saxena
13. Shri V. C. Vaidya
14. Shri V. V. Divecha (Nominee of ICICI)
15. Shri B. Sundara Rao (Nominee of LIC)

(iii) Capital structure of the applicant person or authority and of the proposed undertaking : Capital structure of The Standard Mills Company Limited

Authorised Capital
Rs. 10,00,00,000/-
Issued, subscribed and paid-up capital Rs. 9,17,55,300/-

The capital structure of the new proposed undertaking will be the same as above, as it would be an unit of the present undertaking of The Standard Mills Company Limited.

(iv) Proposed location of the new undertaking : In the state of Madhya Pradesh.

(v) Brief outline of the cost of project, the scheme and source of finance : Estimated cost of project is Rs. 30.00 crores and will be financed by raising additional capital and/or borrowings from Financial Institutions and/or foreign exchange loans and/or suppliers credits and/or internal accruals.

Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhawan, New Delhi, within 14 days from the date of publication of this notice, intimating his views on the proposal and indicating the nature of his interest therein.

For **The Standard Mills Co. Ltd.,**

B. D DATAR

Secretary

Dated : 12th January, 1982

---

subdued owing to easy advices from upcountry and lack of fresh speculative demand. Groundnut Karad bold, Saurashtra bold and Saurashtra quality declined by Rs 20 each to Rs 590, Rs 595 and Rs 595 per 100 kg. Groundnut oil which was on the rise in the recent past, reacted by Rs 4.16 to Rs 141.44 per 10 kg.

Imported oils also suffered a setback following the easy trend in groundnut oil. RBD lost Rs 6.76 at Rs 118.04, soyabean Rs 3.12 at Rs 132.08 and palmoleine Rs 1.56 at Rs 135.72 per 10 kg.

Linseed and its oil also remained subdued in thin activity. Linseed bold dropped by Rs 10 to Rs 490 per 100 kg and its oil by Rs 3.12 to Rs 127.92 per 10 kg.

Activity was restricted in cakes.

Comparative prices in rupees per quintal of seeds and per 10 kg of oils:—

	16-1-1982	8-1-1982
G. nut		
Karad bold	590.00	610 00
G. nut oil	141.44	145.60
Cast. Md. Sm.	334.00	326.00
Cast. oil com.	71.25	70.00
Cast. oil BSS	76.25	75.00
Linseed bold	490.00	500.00
Linseed oil	127.92	131.04

Tea: Good demand for CTCs

Calcutta, January, 11

At the forthcoming conference of tea producing countries and exporting ones on export quota arrangements, which New Delhi will host in the second week of February, India can reasonably expect a fairly respectable quota now that it had given a good account of itself as an exporter as 1981 closes.

As quick estimates of licensing and shipments show it has been by any reckoning an impressive tally. The figures on both counts speak of the highest levels registered. While licences have been issued for 252.04 million kg, shipments are believed to have touched the 240 million mark. For the previous five years, the licensed quantum was 238.71 kg in 1980, 215.46 million in 1979, 180.82 million in 1978, 233.36 milion kg in 1977 and 239.47 million kg in 1976. The quantities exported in these years were 224.49 million kg, 199.63 million kg, 176.05 million kg, 229.63 million kg, and 233.61 million kg respectively.

At the weekly tea auctions the offerings of 23,477 packages of CTC teas met good demand with Dooars brokens were well supported at around last levels. The Gujarat buyers were fairly active, with some inquiry from the Punjab buyers. Dooars and mediu Assam fannings found inqui at last levels. Better varieti sold at firm rates. The AR operated. There was some i quiry from the UK shipper with selective inquiry from th blenders. The Gujarat buyer operated for Dooars fannings

The offerings of 4,504 packages of Darjeeling teas m good demand with better liquo ing whole leaf grades findin good inquiry from the trad tional exporters and sold a attractive prices. The highes price realised was Rs 100 pe kg. The remainder were absorbed by the blenders with som interest from the interna buyers at steady rates. Th USSR operated very selectively Brokens and fannings followe a similar trend with the bette liquoring varieties meetin with competition from the traditional exporters. The remainder were well absorbed by th local dealers.

The 45.699 packages of orthodox teas offered met fair demand at around last level Plain whole leaf grades me good support from the Punja buyers. Medium and bett kinds were mainly absorbe by the USSR. The Afghanista buyers also lent fair suppor There were selective inqui for the better types from th Iranian buyers. Orthodox brokens were well supported b the USSR The Iraqi buyer bought mainly the cheaper an medium kinds on offer. Th better sorts found inquiry from the Iranian buyers. Orthodo fannings were well supporte by the blenders and the ARE There was some inquiry forthcoming from local buyers.

The 20,049 packages of dust offered met fair demand Dooars dusts were supported b the Gujarat and local buyer There was some inquiry from the ARE for the better type with selective inquiry from on of the big blenders. Assam CTC dusts received inquir from the western India buyer The local dealers operated fo the better and smaller descriptions. The major blender wa very selective, whilst the othe big blender lent fair support The ARE operated selectively Exportable pekoe dusts me with fair support from the UK shippers. Orthodox dusts continued to be supported by th blenders and the ARE bu prices for these were slightly lower.

Addressing the 104th annua general meeting of the India Tea Association (Dooar branch) held at Jalpaiguri recently, Mr R. S. Taragi, chairman, said that during 198 they had to struggle hand t keep their tea production going because they had to arrang essential inputs at an exorbitant cost. With money suppl ing short of demand coupled h the drought, the year led with a lower crop, comed to 1980.

The reason for this unpreented crisis in the tea instry, Mr Taragi said, was a arp and continuing rise in st on the one hand and an remunerative price on the her. The chairman, however, ped that in spite of the crisis e industry would retain its rength. He stressed the need r a realistic assessment of e problems of the tea indusy by all concerned and a ash programme to reabilitate the industry.

rains drift

Bombay, January 18

A mixed price pattern feaured trading in the local rains market.

In cereals, wheat ruled teady due to weak demand by oller flour mills. The mills execeted increase in allotment nd therefore pruned their ruchases from the open maret for custom milling. The issi variety was quoted at s 275-350 per quintal and the onakalyan variety at Rs 215-25 per quintal.

In rice, activity was at a ow ebb. The Basmati variety was traded at Rs 600-750 per quintal and the Luchai variety at Rs 290-315 per quintal showng no change over the week.

In coarse grains, jowar and bajra firmed up. Jowar fetched Rs 7 more at Rs 160-300 per quintal and bajra Rs 12 more at Rs 160-350 per quintal. Barley and maize maintained last week's levels at Rs 138-140 per quintal and Rs 185-190 per quintal respectively.

Among pulses, barring gram and tur dal all other pulses ruled quiet. Gram lost Rs 25 to Rs 375-410 per quintal on account of pressure of arrivals of new crop. Tur dal declined by Rs 8 to Rs 475-575 per quintal. Mong (chumki) ruled steady at Rs 365-375 per quintal, masoor dal at Rs 450-460 per quintal and urad (moglai) at Rs 250-260 per quintal.

Sugar declines

Bombay, January 18

Sugar suffered a modest setback during the week, with increased pressure of khandsari arrivals. The price of C-30 grade sugar declined sharply by Rs 19 to Rs 609-616 per quintal. Arrivals of sugar were sluggish but prices declined because offtake showed a marked fall. The price of C-30 grade sugar was lower by Rs 87 per quintal than on the corresponding date a year ago.

Arrivals of khandsari showed marked improvement. Receipts exceeded 1,000 bags per day.

FORM IIa

(See Rule 4a(I))

NOTICE

It is hereby notified for the information of the public that M/s. Swan Mills Limited propose to make an application to the Central Government in the Department of Company Affairs, New Delhi, under sub-section (2) of section 22 of the Monopolies and Restrictive Trade Practices Act, 1969, for approval for the establishment of a new undertaking for the production, supply and distribution of Linear Alkyl Benzene-40,000 tpa with an annual turnover of Rs. 56 crores and all by-products thereof viz :

Product	Capacity—tpa	Annual turnover Rs. crores
Hydrogen	520	1.56
Heavy Alkylate	3,450	0.69
Light Ends	3,330	0.66
Low Purity Benzone	145	0.72
Regenerator Bottoms	1,650	—

Other particulars of the proposed new undertaking are as under :

1. Name of the proposed undertaking : Division of Swan Mills Limited, Bombay : Name to be finalised later.

2. Names of persons proposing to establish the new undertaking :
Swan Mills Limited
'Nirmal' 18th floor, 241-242 Backbay Reclamation
Nariman Point, Bombay 400 021

The Directors of Swan Mills Limited are :
Mr. J. P. Goenka
Dr. Mohanlal Piramal
Mr. N. R. Ruia
Mr. G. C. Chandalia
Mr. Taj Kumar Sethi
Mr. S. N. Desai
Dr. Donald Hanson
Mr. S. A. Naik
Mr. Kantikumar R. Podar

3. Capital structure of the applicant person and of the proposed undertaking :

(a) Existing undertaking
Authorised capital Rs. 4,25,00,000
Issued, Subscribed and Paid-up Capital Rs. 2,41,25,000

(b) Proposed undertaking
Equity Rs. 15,60,00,000
Loan Rs. 62,40,00,000

4. Proposed location of the new undertaking : Tehsil Salimpur, Dist. Mathura, U.P.

5. Brief outline of the cost of project and scheme and source of finance : The estimated project cost is Rs.7800 lakhs

	Rs. lakhs
Land & Land Dev.	80
Civil works and structurals	625
Knowhow and Engineering	600
Erected machinery	5695
Other expenses	800
Total	Rs. 7800 lakhs

The project cost would be financed from internal resources and borrowings from institutions and banks.

Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this notice intimating his views on the proposal and indicating the nature of his interest therein.

Signature : P. K. PATHAK
Secretary

Address:
Swan Mills Limited
'Nirmal', 18th floor, Nariman Point, Bombay 400 021.

Dated this eleventh day of January, 1982.

MAHINDRA UGINE STEEL COMPANY LIMITED

NOTICE

It is hereby notified for the information of the public that MAHINDRA UGINE STEEL CO. LTD. proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi. under sub-section (2) of Section 22 of the Monopolies and Restrictive Trade Practices Act, 1969 for approval for the establishment of a new undertaking for acquiring two bulk carriers and to carry on business as Shipowners and carriers of cargoes by Sea/Water. Other particulars of the proposed new undertaking are as under :—

(i) Name of the proposed undertaking : The proposed undertaking will be a division of MAHINDRA UGINE STEEL COMPANY LIMITED.

(ii) Name(s) of person(s) or authority/authorities proposing to establish the new undertaking, where it is a body corporate furnish details of its management structure together with those of the proposed undertaking. : MAHINDRA UGINE STEEL COMPANY LIMITED

(a) **Management structure of the applicant undertaking** :

The applicant undertaking is managed by the Chairman and Managing Director, Deputy Managing Director and Executive Directors under the supervision, direction and control of the Board of Directors mentioned below :

1.	Mr. Harish Mahindra	: Chairman & Managing Director
2.	Mr. K. Ramachandran	: Dy. Managing Director
3.	Mr. Bhaskar Mitter	
4.	Mr. Keshub Mahindra	
5.	Mr. N. V. Khote	
6.	Mr. S. Bhoothalingam	
7.	Mr. S. D. Varma	
8.	Mr. C. R. Thakore	
9.	Mr. M. Jaoul	
10.	Mr. P. M. J. Reaud	
11.	Mr. Ashish Mitra	: Executive Director
12.	Mr. A. R. V. Subramanian	Executive Director

(b) Management structure of the proposed undertaking : Same as of the applicant undertaking

(iii) Capital structure of the applicant undertaking and of the proposed undertaking

Authorised Capital .. .. :	Rs. 9,00,00,000
Issued Capital .. .. :	Rs. 8,30,17,330
Subscribed Capital .. .. :	Rs. 8,30,17,205

(iv) Proposed location of the new undertaking : Bombay-Maharashtra

(v) Brief outline of the cost of the project, the Scheme and Source of Finance : Acquisition of Two Bulk Carriers aggregating to 60,000 DWT.

Cost of Ships : Rs. 35,00,00,000 15% of the cost of the ships to be financed by the applicant company through its own funds and balance 85% to be financed by borrowings in Foreign Currency.

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi within 14 days of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

Dated this 14th day of January, 1982

For MAHINDRA UGINE STEEL CO. LTD.
P. P. MISTRY
Secretary

Registered Office :
BAKHTAWAR,
Nariman Point,
Bombay-400 021.

Consumers opted for khandsar on price considerations. Khandsari was quoted in the range of Rs 480-591 per quintal.

Tin prices cut

Calcutta, January 1

Contrary to market expectations the canalising agency Minerals and Metals Trading Corporation, has offered a modest New year gift to meta consumers by restoring the selling price of tin to the pre December level of Rs 240,00 per tonne. In December it had raised the price by Rs 5,000 to Rs 245,000 a tonne thereby earning for tin the dubious distinction of being the most expensive of all major base metals.

The corporation has kept its prices of other metals unchanged and has thus again taken the wind out of sails of speculators who appeared to be well set for a bullish session in the hope that the MMTC will post higher prices in the New Year to reflect the moderate rally in the London Metal Exchange in recent weeks. There was something very quixotic about the corporation's policy and its changeover to the monthly pricing basis has made it even worse.

Gold and silver up

Bombay, January 18

Both gold and silver prices improved during the past week in the Bombay bullion market. The price of standard mint gold which opened at Rs 1,732 per 10 gms closed higher at Rs 1,737 per 10 gms. The price of silver (.999 fineness) which opened at Rs 2,610 per kg closed higher at Rs 2,615 per kg.

Money tight

Bombay, January 18

Conditions in the Bombay money market was tight during the past week. In the interbank call money section both notified and commercial funds were renewed at ten per cent. Fresh money was transacted at ten per cent. The market closed at ten per cent.

Aggregate deposits decrease

Bombay, January 18

Aggregate deposits of all scheduled commercial banks decreased by Rs 39.28 crores to Rs 43914.91 crores during the week ended January 8, 1982. Bank credit expanded by Rs 34.95 crores to Rs 29601.93 crores. The borrowings of banks from the Reserve Bank of India (RBI), increased by 37.41 crores to Rs 651.39 crores and their balances with the RBI increased by Rs 192.47 crores to Rs 4590.02 crores.

DEPARTMENT OF ATOMIC ENERGY

Directorate of Purchase and Stores

On behalf of the President of India, the Director, Directorate of Pur- ase and Stores, Department of Atomic Energy, Bombay-400 001 invites ders as detailed below:

DPS : NFC : MTL : 609 due on 19-2-82. Copper sheets conforming to ade DHP as per IS : 191/67 in different sizes as per tender specifications. ty. 9500 Kgs.

DPS : PPED : EEQ : 382 due on 25-2-82. Design, manufacture of 415 V otor Control Centre as per purchaser's specifications for Rajasthan Atomic ower Project at Kota, Rajasthan.

3. DPS : BARC : EEQ : 5171 due on 26-2-82. Three phase air cooled trans- ormer and varic for same as per purchaser's specification for Bhabha Atomic esearch Centre, Trombay, Bombay 400 085.

4. DPS : NFC : MTL : 610 due on 2-3-82. Hand drawn seamless copper bes in different sizes as per tender specifications. Qty. 8200 Kgs.

5. DPS : R-5 : ENG : 679 due on 4-3-82. Interlock key block and key s per tender specifications. Qty. 68 Nos.

6. DPS : NAPP : PPED : PPF : 379 due on 5-3-82. Supply of austenitic amless stainless steel pipes as per purchaser's tender specification. Qty. 230 Mtrs.

7. DPS : BARC : ENG : 15239 due on 5-3-82. Fabrication and supply nd installation of meterological instruments arms, as per drawing and tender pecifications. Qty. 2 Nos.

8. DPS : BARC : ENG : 15251 due on 6-3-82. Design, manufacture, inspection testing and delivery of safety head and rupture discs as per tender specifications. Qty. 410 Nos.

9. DPS : NFC : CAP : 732 due on 6-3-82. Double head turning machine or simultaneous machining of both ends of zircaloy elements of 15.44 mm ia and about 500 mm length and zircaloy tubes of 15.26 mm OD, 0.406 mm wall thickness and about 500 mm length as per purchaser's specification. Nos.

10. DPS : NAPP : PPED : PPF : 383 due on 8-3-82. Supply of stainless steel fittings as per purchaser's tender specifications. Qty. 121 Nos.

11. DPS : BARC : ENG : 15318 due on 8-3-82. Nickel plated nuts and washers s per tender specifications. Qty. 533 Packets.

12. DPS : KAPP : PPED : PPF : 16 due on 9-3-82. Supply of austenitic seamless stainless pipes in different sizes as per purchaser's tender specification. Qty. 287 Mtrs.

13. DPS : HWP : STC : 562 due on 9-3-82. Carbon Steel Plates for low temperature service conforming to ASTM A 516 Gr. 70 in various sizes and thickness. Qty. 452 MT approx.

14. DPS : BARC : IEE : 4001 due on 10-3-82. Industrial fiberscope capable of providing high resolution pictures as per purchaser's specifications. One.

15. DPS : BARC : IEE : 4005 due on 10-3-82. Storage oscilloscope (dual trace) having bandwidth of 0 to 100 MHz as per purchaser's specifications 1 No.

16. DPS : AMD : IEE : 254 due on 11-3-82. Universal Binocular Research Microscope with spares and accessories as per purchaser's specifications. 1 No.

17. DPS : BARC : PDS : IEE : 63 due on 11-3-82. Monitor and alarm module for axial shaft position having frequency range staticto 1.5 KHz as per purchaser's specification. 5 Nos.

18. DPS : BARC : PDS : IEE : 60 due on 12-3-82. Digital volt, Amp, Watt-meter having voltage of 2-1000 volts as per purchaser's specifications. 2 Nos.

19. DPS : RRC : IEE : 1067 due on 12-3-82. A remotely operated vacuum coating-cum-ion etching unit required for a nuclear lead cell facility for preparing metal clad ceramic substances as per purchaser's specifications. 1 No.

20. DPS : MAPP : O & M : IEE : 49 due on 15-3-82. Industrial fiberscope having distal and outer diameter of 8 mm (0.31") as per purchaser's specifications. 1 No.

21. DPS : PPED : PPF : 1497 due on 15-3-82. Supply of stainless steel penetration bellows as per purchaser's tender specifications. Qty. 2 Nos.

22. DPS : NAPP : PPED : PPF : 387 due on 16-3-82. Supply of carbon steel fittings in different sizes as per purchaser's tender specifications. Qty. 12 Nos.

23. DPS : HWP : PPF : 1171 due on 17-3-82. Supply of seamless stainless steel and carbon steel pipes and tubes in different sizes as per purchaser's tender specification. Qty. 24296 Mtrs.

24. DPS : HWP : CAP : 616 due on 17-3-82. Rubber lined Centrifugal Pump for chemical cleaning, Capacity : 10 m^3/hr with its accessories as per purchaser's specification. 1 No.

25. DPS : NAPP : PPED : PPF : 392 due on 18-3-82. Supply of ultrasonically tested seamless carbon steel pipes in different sizes as per purchaser's tender specifications. Qty. 2000 Mtrs.

26. DPS : NAPP : PPED : PPF : 394 due on 22-3-82. Supply of carbon steel globe valves in different sizes as per purchaser's tender specifications. Qty. 19 Nos.

27. DPS : NAPP : PPED : PPF : 386 due on 23-3-82. Supply of ERW carbon steel pipes in different sizes as per purchaser's tender specification Qty. 350 Mtrs.

28. DPS : RRC : PPF : 396 due on 24-3-82. Supply of stainless steel bellow sealed globe/gate valves in different sizes as per purchaser's tender specifications Qty. 17 Nos.

29. DPS : BARC : PDS : PPF : 53 due on 25-3-82. Supply of stainless stee bellow in different sizes as per purchaser's tender specifications. Qty. 1425 Nos.

Tender documents priced Rs. 10 each for items 3, 15, 20, 21 and 24; Rs. 25 each for items 2, 5, 7, 8, 11, 14, 16, 17, 18, 22 and 28; Rs. 25 each for items 27 and 29; Rs. 50 each for items 1, 4, 10, 12, 19, 25 and 26; Rs. 75 for item 9; Rs. 100 each for items 6, 13 and 23 and General conditions of contracts priced 50 P. to all items can be had from the *Finance and Accounts Officer, Department of Atomic Energy, Directorate of Purchase and Stores, 3rd Floor, Mohatta Building, Palton Road, Bombay--400 001*, between 10 a.m. to 1 p.m. on all working days except on Saturdays. Import Licence will be provided only if the items are not available indigenously to all itemsexcept items 1 and 4. Tenders will be received upto 3 p.m. on the due date shown above and will be opened at 4 p.m. on the same day. The right is reserved to accept or reject lowest or any tenders in part or full without assigning any reasons.

davp 645 (412) /81

New initiatives in South Asia cooperation

Concluded from page 180

foreign policy postures could well become yet another inhibiting factor. The political systems of the region are volatile in character and trends of both stability and instability are seen in these countries. All the countries cannot speak of political continuity.

The seven nations, which participated in the Colombo meeting, thought in terms of establishing regional cooperation with a view to realising minimum cooperation in the five specific areas. Taking into consideration the geographic and political differences among the nations of the region, this framework of cooperation, if allowed to continue, may serve a useful function in providing opportunities for periodical consultations among the countries of South Asia on matters of mutual interest and promote cooperation in economic, social and cultural matters. Maldives, emphasising the need to restrict cooperation to those specific areas identified by the Colombo meeting, stated that they should refrain from creating a political alliance. This clearly demonstrates the thinking of the smaller nations on the strategy of regional economic cooperation. The Colombo meeting of the seven nations, however, represented an attempt to work out a strategy of cooperation among the nations and it, above all, took the lead in examining the possibilities of forging closer links among the nations in the region. Sri Lanka and Bangladesh played the key role in bringing about this initiative in the concept of regional cooperation in South Asia.

Beyond-headlines

New initiatives in South Asia cooperation

By W. A. WISWA WARNAPALA

SRI Lanka's recent initiative in regional economic co-operation led to the inauguration of the South Asian Foreign Secretaries Conference in Colombo in April 1981 with a view to devising the appropriate form of co-operation in South Asia. Sri Lanka, since the Asian Relations Conference in New Delhi in 1947, had shown an enthusiasm in regional economic co-operation but regional and global factors and the political constraints of the concerned nations interfered with the realisation of this objective. The visit of the then President of Bangladesh, Zia-ur Rahman, to Sri Lanka in November 1979 provided an opportunity for the examination of the possibility of co-operation in the region and the discussions between the two countries concentrated on the need of an institutional frame work to promote both socio-economic development and co-operation and understanding in the region. The emphasis of the need for a regional summit to examine the possible areas of co-operation led to the meeting of the foreign secretaries of Bangladesh, India, Maldives, Nepal, Sri Lanka and Pakistan. These countries, though they share a common perspective in global international relations through their membership in the non-aligned movement, are not devoid of bilateral problems. The issue of co-operation, therefore, became important in the context of the problematic neighbourly relations of such countries as India, Pakistan, Bhutan, Nepal and Bangladesh.

The initial planning of the strategy of co-operation became the responsibility of Bangladesh and it, in a preliminary working document, identified eleven areas of co-operation—shipping, aviation and tourism, telecommunications, meteorology, agricultural research, rural development, transport, market promotion, science and technology and education and culture. The Colombo meeting of the foreign secretaries of the seven South Asian nations was expected to examine the areas of co-operation on the basis of the ideas expressed in the preliminary working document and its main purpose was to examine the form and content of the prospective regional alliance; yet another aim was to discuss the nature of the institutional framework required to promote social, cultural and economic cooperation in the region. The political issues were conveniently forgotten and the applicability of the concept of regional co-operation was confined to the subjects which Dacca identified as major areas of co-operation. The Colombo meeting, while reiterating the need to have another meeting at foreign secretaries level, identified five areas of common interest from the list of eleven subjects that appeared in the original working document, and they, according to the participants, were 'meaningful areas of regional co-operation'. They agreed to appoint a committee, with Sri Lanka as its co-ordinator, to study the possibilities of co-operation in such spheres as telecommunications, metereology, agriculture, rural development and health and family planning and five study groups were formed to formulate the principles of co-operation. Bhutan and Maldives have not been allocated a subject for study and the reason is that those countries do not possess the necessary expertise in the relevant fields.

These studies, guided by the respective five countries—India (Metereology), Bangladesh (Agriculture), Sri Lanka (Rural Development), Nepal (Health and Family Planning) and Pakistan (Telecommunications) are to constitute the preliminary reports on which the seven nations are expected to formulate the basis of cooperation. There is scope for co-operation in the five fields mentioned in the final communique of the Colombo meeting: These countries posess expertise and technology in those specific areas and they could be used and exchanged for the mutual benefit of the nations.

The Colombo meeting agreed that regional cooperation should be based on mutual trust, understan ing and appreciation of the nation aspirations of the countries in th region and they further emphasise the need to respect sovereign, equ lity, political independence and no interference in internal affairs of th states. The form of regional c operation, according to the Colomb meeting, was not intended to ups the existing bilateral and mult lateral cooperation that existed the region. Such declarations am ply demonstrate that the seven n tions were determined to avoid pol tical issues and thereby to identi non-controversial areas of cooper tion.

Maldives and Nepal saw 'the fiv areas of co-operation' as non-contro versial in nature. Of the five area identified, agriculture remains im portant for all the nations. Man of those states are primary producin nations and a form of economic co operation is certain to provide oppo tunities for promotion of such com modities and thereby to derive bes benefits. India, Sri Lanka an Bangladesh are tea producers an this is certain to create difficulties i the arena of commercial relations.

The need for cooperation in th field of industry has not been men tioned; the size of the countries wit their respective economies perhap induced them to avoid cooperatio in the field of industry. India, th largest nation in the group, is certai to have a comparative advantage For example, in such fields as heav industry and textile industry Indi is certain to play a dominant rol within the group. Any form of re gional cooperation is certain to b dominated by India and the countrie in the region are therefore expecte to map out an economic strateg with which a certain degree of com petitiveness could be maintained.

The size of the nations and the nature of the economies ar certain to interfere with an evolutio of an alliance of economic coopera tion in South Asia. Above all, th differences in the political structure of the respective nations and thei

Continued on page 17

Prof Wiswa Warnapala teaches at University of Peradenuja, Sri Lanka.

COMMERCE

. 144 JANUARY 30, 1982 No. 3686

EDITOR: VADILAL DAGLI

ASSOCIATE EDITORS: D. B. MAHATME
SUBHASH CHANDRA SARKER

CONTENTS

COMMENTS

ditorials
Erosion of World Bank aid 183
Indo-EEC industrial cooperation 184
Harnessing tidal power 185
A government by proxy? 185

COLUMNS

ditor's notebook (Vadilal Dagli) 187

COVER STORY

The worth of 'sugar-coated' debentures (Kumaran Pola) 188

SPECIAL REPORTS

Stronger India-EEC ties; Gold and silver board mooted; LIC's higher bonus to policy holders 198

FEATURES

People; The week 182
Letter from Washington: Costlier World Bank loans (Hasmukh Shah) 186
South Asia review: Public sector struggles to progress; Pakistan: Managed floating exchange rate; Bangladesh: Reduced plan outlays; Sri Lanka: Attracting foreign investors; Nepal: Soviet Union promises massive aid 192
Crop and commodity survey—December 1981: Rains brighten rabi prospects (Commerce Research Bureau) 204
Letters: Elecon debenture issue; IMF conditions: Why not? 211

COMPANIES, STOCKS & COMMODITIES

Corporate sector 212
In the market: Ambalal Sarabhai; Reliance Textiles; Premier Mills 212
Forthcoming company meetings 213
Financial analysis of operations of non-financial companies 215
Public sector 213
Equities: No let up in spending 219
Commodities 220

STATISTICS

Indian economy: Basic indicators (Commerce Research Bureau) 201

Commerce Publications Ltd, Manek Mahal, 90 Veer Nariman Road, Bombay 400 020. Telephone: 253505, 253562, 253392.

Subscription rates: Inland—Yearly Rs 200 (Students and teachers Rs 115), Half-yearly Rs 115.

Foreign Airmail—Asia and Africa (including South-East Asian and West Asian countries) £ 37, Japan Yen 21,418, UK and Europe £ 46, USSR Rouble 71, United States US $ 117.

Earn up to

14% p.a.

Lombard

Fixed Time Deposits

1	Year Fixed Period	14%p.a.
2	——— ” ———	13%p.a.
3	——— ” ———	13%p.a.
4&5	——— ” ———	12%p.a.

Minimum deposit £1,000 Interest paid annually.
The rates quoted are correct at time of going to press.

These are some of the benefits of a Fixed Time Deposit with Lombard:-

- ✻ Your funds will earn a good rate of interest which is fixed for the period of deposit.
- ✻ All interest is paid without deduction of tax at source.
- ✻ Your account is confidential.
- ✻ As Exchange Control does not exist in the United Kingdom your funds can be repaid anywhere in the world in Sterling or in any other currency.
- ✻ We are part of one of the largest banking groups in the world.

Other rates are available for 1-5 years with interest paid monthly, quarterly or half-yearly and for deposits at 3 months and 6 months notice of withdrawal.
For further details of our deposit facilities and current rates, simply post the coupon today.

LOMBARD DEPOSIT ACCOUNTS
Lombard North Central

Lombard North Central
Deposit Accounts

To:
LOMBARD NORTH CENTRAL LIMITED,
DEPT. 91, 17 BRUTON STREET,
LONDON W1A 3DH, ENGLAND.
Telephone: 409 3434.

NAME (BLOCK CAPITALS PLEASE)

ADDRESS

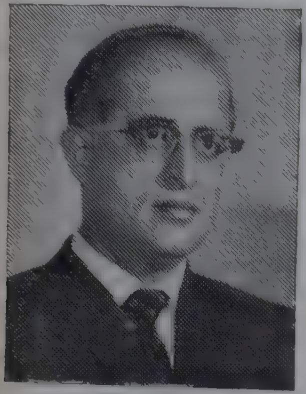
"Dept. 91'

A member of the National Westminster Bank Group whose capital and reserves exceed £1,800,000,000.

PEOPLE

Podar

Mr Kantikumar R. Podar, who has been elected president of Indian Merchants Chamber (IMC) for the current year, is a well-known industrialist and controls Podar group of companies as its vice-chairman. Besides holding directorships in various public limited companies, he is associated with numerous educational, social and cultural organisations and is also a special executive magistrate. Mr Podar has been on IMC's committee for many years.



Somaiya

Mr Shantilal K. Somaiya, the vice-president-elect of IMC, has diversified interests in sugar, industrial alcohol and organic chemicals, etc. He is also associated with several educational, social and cultural organisations and is a member of the senate of the Bombay University. Dr Somaiya has been with the committee of IMC for many years and is also a committee member of FICCI, National Productivity Council, Indian Council of Foreign Trade.

Mr S. K. Sehgal has been elected president of the Plastics and Linoleums Export Promotion Council for the ensuing year. Mr V. C. Poojara and Mr M. Parthasarathy were elected vice-chairmen for Bombay and Madras respectively.

Hydari

Mr Akbar Hydari, the new president of the Indo-German Chamber of Commerce, is also the consul general for Sweden. A well-known industrialist, Mr Hydari is chairman of many companies like Voltas, Wimco, Atlas Copco.

Guzder

Mr Lalit Mohan Thapar, who heads the Thapar group of industries, has been elected vice-president of the ICC's Indian National Committee.

Mr Jamshed N. Guzder has been elected president of the Indian National Committee of the International Chamber of Commerce. Mr Guzder was previously the president of the Indian Merchants Chamber and is presently chairman of Herdillia Chemicals and Bakelite Hylam.

Mr C. S. Kalyanasundaram has been appointed managing director of State Bank of Hyderabad.

Nandy

Mr Manish Nandy has been appointed adviser, management development, World Bank, Washington DC, USA. Mr Nandy was earlier with the International Centre of Management (Xerox group) in the US and with Dunlop and Hindustan Copper in India. He has been contributing a regular column on "Management" to Commerce.

THE WEEK

The new 15-member Maharashtra ministry c sisting of eight members of cabinet rank, four mir ters of state and three deputy ministers and hea by the chief minister, Mr Babasaheb Bhosale, w sworn in office on Monday.

Twentyseven export houses have applied to Ministry of Commerce for recognition as trad houses under the new scheme introduced by ministry.

Electrona 24, a battery operated two whee vehicle, will be introduced in the Indian market February 1.

The Food Corporation of India will mechan procurement operations in the coming rabi season installing a fully automated system. The farmer w then receive payment within an hour of deliveri wheat to the procuring agency.

India and the European Economic Commun have decided to set up a working group to ident bottlenecks in the way of larger Indian exports to t EEC. The group will meet in New Delhi in March.

The World Bank and its soft lending affiliate, t International Development Agency will offer a total $ 1.9 billion in the current fiscal year to India.

The Government has approved a collaborati agreement between a consortia of shipbuilders, Ea Coast Boat Builders and Damen Shipyard of Hollan for the construction of deep sea fishing trawlers.

The Indo-French joint business council will me in Paris on February 2.

The Union Ministry of Commerce has permitte the Gujarat State Cooperative Cotton Marketing Fed ration to export 50,000 bales of Shankar-4 cotton.

Indian Farmers Fertilisers Cooperative has decide to set up a Rs 100-crore phosphatic fertiliser proje at Kakinada.

The expansion programmes of the two state-owne steel plants at Bhilai and Bokaro are expected to co the national exchequer an additional Rs 1,071.6 crores.

Mr N. N. Pai, chairman and managing directo Industrial Development Bank of India, signed a agreement for a Eurocurrency loan of US $ 25 millio in London on January 21. The loan has been synd cated by a group of banks of repute, with Lloyd Bank International Ltd and the State Bank of Indi acting as managers.

Wholesale price index

At 279.5 the latest available wholesale price inde for the week ended January 9, 1982 showed a rise o 0.4 per cent over the week and 6.9 per cent over th preceding year.

Money stringent

Conditions in the Bombay short-term money market were stringent as of Monday (January 25, 1982). Both notified and commercial funds in the inter-bank call money section were renewed at ten per cent. Fresh money was transacted at ten per cent. The market closed at ten per cent.

COMMERCE

Erosion of World Bank aid

MR A. W. Clausen has come and gone, inducing sombre reappraisal of India's position as a receiver of aid from World Bank. The sixth tranche of the International Deve- ment Association (IDA), soft loan window of the World nk group, has not been fully replenished. How the United tes, which is the major contributor, has been dragging its feet by now an oft-repeated story and quickly told. Unable to npletely backslide from its aid commitment because of moral ssure, especially from France and Canada, the Reagan ninistration insisted on splitting the American contribution o three annual instalments: $ 800 million in 1981, $ 800 mil- n in 1982 and $ 1,400 million in 1983. Even these instalments not being fully paid, the United States having contributed ly $ 520 million and $ 700 million in the first two years. e other small donors have followed suit, with the result that the year ending June 30, IDA will have for disbursement ly $ 2.6 billion instead of the expected $ 4.1 billion, which eans a shortfall of $ 1.5 billion. Therefore, India, the big- st recipient of IDA aid, must make do with less of it. Mr ausen has already announced that in 1982 IDA assistance India will be reduced from $ 1,600 million to $ 840 million. he World Bank President has, of course, offered to fill up is gap and, in fact, keep the total World Bank group aid to early the same level as at present — $ 1.9 billion against last ear's $ 2.1 billion—provided India is willing to borrow from he other two windows — International Bank for Reconstruc- on and Development (IBRD) and International Finance Cor- oration (IFC). The IBRD loans now carry the fairly high in- erest rate of over 11.7 per cent plus service charge, bringing to 13 per cent, and the IFC lends at an interest rate of 16 er cent, which is scarcely less than the cost of borrowing in he international money market. The Clausen offer thus does not amount to more than a sop.

If things are bad at present, they are likely to get worse in the foreseeable future. Apart from the funds constraint, the pessimism springs from the economic personality of the man who now heads the gigantic multilateral institution. The altruism of the McNamara era is over. Clausen belongs to that section of American opinion which wants to get the World Bank out of the "charity business". Following 10 years as president of the Bank of America, world's largest private financial institution, he is by economic instinct and training a private sector man who believes in capital flows more on the basis of private investment other than official level transfers Reagan and Clausen are like-minded, if not soul-brothers. Just before arriving in India, Mr Clausen made the following startling observation in a prepared speech delivered at Tokyo under the auspices the Yomiuri International Economic Society: "The World Bank's essential role is catalytic. It is not in the business of redistributing wealth from one set of countries to another set of countries. It is not the Robinhood of the International Financial set". This Robinhood remark caused Mr Clausen several uncomfortable moments during his New Delhi press conference and he would not really live it down. Neither did he deny American influence over the World Bank, conceding that "a weighty shareholder has to be listened to". Nor was he willing to upbraid the United States and other 10 donors for backing down on their financial commitments to IDA, going only as far as referring to their "budgetary constraints".

In a situation in which the World Bank is short of funds the act of omission of the Soviet Union and its Comecon partners in not contributing to multilateral financial institutions becomes all the more glaring. While India never hesitates to castigate the United States in particular and the western nations in general for their negativism towards the developing world, it is amazing that it has never occurred to New Delhi to remind the Soviets and their camp followers that they too have some responsibilities on the global plane.

Two other portents induce further pessimism about the World Bank aid to this country. Mr Clausen's perception of the world economic map does not tally with the currently fashionable differentiation between the rich and the poor in terms of North and South. His world view envisages eight groupings according to which the least developed nations of sub-Sahara Africa occupy the lowest step of the ladder. It is to these nations that Mr Clausen wants his World Bank to double its soft loan aid. He categorically asserted during his visit that, whereas India had creditworthiness and the capacity to borrow on commercial terms, the poverty stricken backward African nations were solely dependent on soft loan assistance. Thus IDA aid to India is falling not only in absolute terms but also as a proportion of the total, which uptil now has been 40 per cent and is now likely to drop to 32 per cent. The other portent is the emergence of China as an aid-receiver. At present China can only get IBRD aid, but from the seventh IDA tranche, which starts in 1984, that country will become eligible for soft loan assistance. When that happens, considering that the aid is disbursed primarily on population basis, India would be dislodged from the position of the largest beneficiary. As for bridging the resources gap resulting from the curtailed IDA assistance, action is called for simultaneously on three fronts. One, obviously alternative sources will have to be tapped. Mr Clausen's offer of more IBRD aid should be accepted because these are after all cheaper than commercial loans. Although the IFC loans carry almost a commercial rate of interest, more recourse could be had to these provided the terms are otherwise easier. The Asian Development Bank (ADB) could be approached more vigorously but there too the prospects are not bright because of the emerging Japanese opposition to India on the ground that this country is not sufficiently undeveloped to merit ADB assistance Advantage should, of course, be taken of India's high credit rating to raise more commercial loans abroad, preferably increasingly through OPEC financial institutions. Establishment of a separate section in the Finance Ministry to monitor commercial loans suggests that this is proposed to be done. Redoubled efforts will also have to be made to earn more foreign exchange through export promotion and encouragement of inward remittances. Secondly, internal resource generation needs to be st ped up. India's savings rate is among the highest in the wor What is important is to remove the obstacles that are impedi full transformation of these savings into developmental inve ment. Finally, utilisation of whatever foreign aid we are getti will have to be improved.

Indo-EEC industrial cooperation

A HIGH level team of the European Economic Community (EEC) has just concluded its tour of India, having participated in the first official level meeting of the Indo-EEC joint commission and subsequently holding discussions with the Federation of Indian Chambers of Commerce and Industry and the other chambers of commerce in Madras, Calcutta and Bombay. Exercises of this type neither fail nor succeed, for they are to be judged not in terms of concrete results but as part of the process of continuing dialogue, especially when interlocutors on the two sides have to grapple with contentious issues. To the extent the recent parleys helped to even slightly dispel the mists of misunderstanding and enabled a better mutual perception of the situation on the other side of the fence, the EEC team's visit has not entirely been in vain. As for concrete advance, a document was signed to formalise the earlier decision to open an office of the European Commission in New Delhi some time in the second half of 1982. The major issue of India's widening trade deficit was aired but evidently neither side was inclined to push it to a confrontational climax, with the result that it was agreed to throw it into the lap of a joint working group which would meet in New Delhi in March for a detailed examination of the specifics. It was, therefore, decided that the first round of bilateral negotiations for a textile agreement under the new Multi-Fibre Arrangement would also be held at that time. More contacts between India and EEC are envisaged within the framework of the new wide ranging Indo-EEC agreement, which was signed in June 1981 and ratified recently. It is proposed to hold a seminar of industrialists and bankers in West Europe to enable India to project its investment policies and opportunities in this country. A meeting of scientists from India and EEC will be held to discuss areas of cooperation which have already been identified —energy, solar energy, bio-mass conversion, information technology and electronics.

When it comes to brass tacks, the chief additional dimension in the new Indo-EEC agreement which distinguishes it from its predecessor is that now efforts are to be made to encourage industrial cooperation with India and West Europe. Foreign investment in India has remained stagnant at three billion dollars since 1974 and is much less than in small industrialising countries like South Korea, which has a foreign investment of five billion dollars. A major reason no doubt is New Delhi's restrictive policies. Originally only 40 per cent foreign equity is permitted and that, too, mostly in export-oriented industries and about 20 other identified sectors. Foreign investment in profitable items of consumption is discouraged, if not barred. While the policy of keeping foreigners out of excessive profit-making in the country makes sense, it is worth considering whether the conditions for foreign investment could not be made more attractive at least in the areas where it is clearly to the country's advantage. This cou be done by making the policy on foreign equity more flexi and otherwise loosening unnecessary controls. Until Ind re-examines its policies, the proposal to expand Indo-EE industrial cooperation will remain a paper aspiration. Anoth lacuna is the apparent lack of information among EEC entr preneurs about the vast potential of India's huge market ar the advantage of cheap labour. Seminars of the type which a planned should help to bridge this information gap. Equal useful in this respect should be the establishment of a joi business council of the FICCI and the EEC. It needs to realised, as pointed out by Wilhelm Haferkamp, vice-preside of the European Commission and leader of the visiting del gation, that EEC is merely an organisation and can only pr pare the ground. Ultimately progress in regard to establis ment of joint ventures would depend on the initiative of India entrepreneurs and their counterparts in the member-countri of EEC.

In 1980 India had an adverse balance of trade with EE of 694 million dollars. Between 1973 and 1980 India's expor to EEC increased by 210 per cent but its imports shot up b 280 per cent. Liberalisation in this country's import polic is an important reason for India's adverse balance, at least recent years. Another is the increase in defence purchase which rose by 200 per cent between 1978 and 1980, whe these were 280 million European currency units (ECU) (th ECU is a basket unit of European currencies and these day equals 1.1 dollars). Leaving aside the question of defence in view of the needs of modernisation and development, th scope for reduction of imports from EEC is limited. Rectification of the current imbalance will have to depend more o export promotion. Considering that Indian exports accoun for less than one per cent of EEC imports, there is much scop for this. But the situation is rather disheartening. In 198 India's exports to EEC actually fell by nearly two per cen while countries like China, Hongkong and South Korea recorded an impressive advance. But diamonds and leathe goods, two major export items, became a casualty of the European recession. Export of oil cakes declined because of shortages with India and the new British regulation on aflatoxin level in groundnut cakes.

But it is on the textile export front that the picture is really worrisome. The Commerce Ministry may go on putting out a garbled picture of India's textile exports by trotting out inflation aided monetary statistics but in actual fact the volume has been falling. In 1980 the utilisation by this try of the duty free quotas was miserable and is as ws: cotton yarn 23 per cent, cotton fabrics 60 per cent, irts 96 per cent, women's blouses 69 per cent and mens' ts 50 per cent. This obviously detracts from the Indian and that duty free quotas should be increased, a demand ch is in any case being resisted by the EEC on the ground that textile industry of its member-countries is already in a shambles. However, it is a pity that EEC is not willing to countenance the valid Indian argument that one handicap being faced by this country is that itemwise and countrywise quotas have been fixed without due regard to the market suitability of its product and export capability.

arnessing tidal power

HERE are not many tidal power plants in the world. The first commercial tidal power plant was built in France ere the Rance river empties into the Atlantic ocean on the ittany coast. Even that station was completed only in 1966. d it generates 240 mw of electric power. The Soviet Union s set up one or two stations of a much lower capacity while the other superpower, the United States, harnessing of tidal wer for electricity has not been attempted so far because the cost factor. The commencement of the investigation d studies for the development of tidal power in the Gulf of utch, Gujarat, inaugurated by the Union State Minister for nergy, Mr Vikram Mahajan, on January 9, could herald erefore the advent of a new technology in India if the inestigations prove successful. As the chairman of the Gujarat tate Electricity Board, Mr J. C. Shah, said, India would erhaps be the first country in Asia to make use of tidal power r generating electricity and also among the very few anyhere in the world. But it is recognised that success will ot come easily and the investigations themselves are expeced to last around five years on the basis of which a feasibility report can be prepared.

The Government of India is spending an estimated over s 2 crores on these investigations but the actual construcion of the planned station of 600 mw capacity will cost many rores more. The cost was estimated at Rs 468 crores with 1975 base year but if the construction work starts in 1986 or 1987 after the completion of investigations, it should easily cost double this figure which will make it, if and when constructed, only suitable for peaking power. The idea in a tidal electric power plant is to allow water to flow in basin during high tide. As the water flows in, it is directed to the blades of a water turbine that turns an electric generator. At the peak of the tide, the water gates are closed and the water is trapped in the basin. When the tide recedes the gates are opened and water again flows through the water turbine. Power can be produced on the return of the water to the ocean by reversing the blades on turbine. The successful Rance power station in France produces electricity both at the entrance and exit of water out of 8.5 square mile basin having an average tidal range of 27.6 feet. Gujarat's efforts will, of course, have to be on a bigger scale if attempted. But, as Mr Mahajan said, in our quest for new sources of energy, an area which has some potential is tidal energy. As it is, there are very few sites in the world which have substantial potential in this regard and of these three sites lie on the Indian coast, two of which are in Gujarat. For Gujarat, which is away from the coal belt, this development of new tidal power technology will come as a boon even if the power costs are much higher than the conventional coal generation or even nuclear **generation.**

A government by proxy?

IF Mrs Gandhi provided a surprise, bordering on shock, to political pundits in choosing Mr Babasaheb Bhosale, a political lightweight, as the Chief Minister of the industrially and commercially important state of Maharashtra, Mr Bhosale has, in turn, provided a political surprise in selecting his 15 colleagues in the council of ministers. From his predecessor, Mr A. R. Antulay's ministry, he has retained only four ministers of cabinet rank and one minister of state and those too, who were comparatively junior. The seniors like Mr N. M. Tidke, Mr Ramrao Adik and Mr Jawaharlal Darda have been dropped and for very good reasons too since they were identified with Mr Antulay and his corrupt trusts very much. Mr Bhosale's field of choice was, of course, limited mainly to newcomers in the party having decided that the close or near-close associates of Mr Antulay should not as far as possible, be included, though three of the five ministers retained from Mr Antulay's team are known to have identified themselves with the former chief minister. Under the Chief Minister's lead, the other ministers have agreed to a voluntary cut of Rs 200 in their monthly salaries. But Mr Bhosale would do better to understand that economies in non-plan expenditure and savings in ministers' and the officials' tours, their telephone bills and other amenities provided to them are much more important. A saving of Rs 4,000 in monthly salaries of ministers, speaker of the assembly and chairman of council and leader of opposition will prove meaningless if economies in government expenditure are not pursued in other areas.

But the question still remains whether Mr Babasaheb Bhosale wants to carry on his own administration or Mr Antulay's by proxy? Newspaper reports that the Chief Minister has appointed his predecessor, Mr Antulay, as chairman of the State's Irrigation Development Corporation, have come as a shock. Mr P. G. Panse, one of the chief engineers of the Irrigation Department, and who was re-nominated as chairman only on January 1, 1982, was asked hastily to resign to make way for Mr Antulay. This will provide another opportunity to Mr Antulay to distribute patronage and continue to exercise his influence as the corporation has assets of over Rs 20 crores and has been set up for extending loans for lift irrigation to farmers through the commercial banks to supplement government efforts. The sooner the new Chief Minister scraps this appointment, the better for the State as also for farmers and for spread of irrigation.

LETTER FROM WASHINGTON

HASMUKH SHAH

Costlier World Bank loans

PRESSURISED by the western nations, especially the US, the International Bank for Reconstruction and Development, popularly known as the World Bank, has announced the imposition of a one-time fee of 1½ per cent on the face value of all new loans to be granted to the member-nations. This charge will be in addition to the current regular lending rate of 11.6 per cent levied on loans to the member-countries.

Along with the announcement of this 1½ per cent "front-end" loan commitment fee, the World Bank's 21 executive directors, representing 145 member-nations, have decided to charge ½ per cent on the undisbursed portion of the credit as soon as the funds are committed by the International Development Association, the World Bank affiliate. Presently, IDA charges a ¾ per cent fee on the disbursed portion of its credits. This will remain unchanged but, as mentioned above, the IDA will charge ½ per cent on the undisbursed portion of the loan as soon as the funds are committed.

The IDA, called the soft-loan window of the World Bank, grants interest-free, 50-year loans to the poorest of its member countries. The loans are used for building roads and dams and improving schools and farming.

The policy changes affecting the loan terms were approved after a lengthy meeting of the executive directors of the bank. They were adopted by "consensus" and without formal votes on the proposals, which were put forward by the World Bank's president, Mr A. W. Clausen. During the board meeting, the bank sources say, executive directors, representing the developing nations, opposed the higher charges, while the industrial nations, including the US, supported them. However, as the industrial nations hold the majority of voting power on the bank's executive board, the proposals were easily adopted.

A World Bank spokesman said it was concluded that higher charges were necessary to help protect the overall financial position of the bank and "maintain our high credit rating in private capital markets" where the bank borrows extensively through the sale of debt issues. "Adverse" impacts arising from higher interest charges and foreign exchange costs caused the bank to take steps that would maintain its top credit rating in the markets, he explained.

The World Bank and its affiliates, including the IDA, approved of about $ 13 billion in new loans to developing countries in the year ended last June 30. These credits were for a wide range of projects, including energy-related ventures, schools, highways and development of agricultural resources.

Under the current projections, the World Bank expects to borrow as much as $ 27 billion over the next three years, at least some of it in the US, where the World Bank has borrowed some $ 1.1 billion in recent months.

The changes involving World Bank and IDA lending practices do not affect the International Finance Corporation, the World Bank's another affiliate that provides both equity capital and loans for private sector projects in the developing nations. The interest rates on IFC loans approximate market rates.

The latest added charges imposed by the World Bank reflect a new mood of austerity at the bank and IDA. The US, the biggest contributor over the years, has been trying to cut back its proportional share. Under the Reagan Administration, funds pledged to IDA have been stretched out, leading to the prospect, according to the bank president, Mr Clausen, that the character of the IDA lending system will soon have to undergo a major alteration.

Mr Clausen has also suggested reducing the maximum period for the IDA loans to 45 years and he has called for periodic reviews to determine if they can be repaid faster.

At the annual meetings of the World Bank and the International Monetary Fund in Washington last October as well as at the Cancun, Mexico, conference of the leaders of the 22 nations, including India, in last October, President Ronald Reagan had categorically stated that the World Bank and its affiliates would have to be increasingly judicious and prudent in their allocation of resources as those resources became more scarce.

Reiterating the same kind of warning here recently at a day-long conference at the Brooking Institution on the future of the World Bank, Reagan Administration's Deputy Treasury Secretary, Mr R. T. McNamar and Assistant Treasury Secretary, Mr Marc Leland, said that t World Bank could not realistically e pect to expand its role in this deca and instead should help the private sect attain a greater influence in boosti economic growth of the Third World.

Mr McNamar delivered a maj policy address in which he called for ne approaches by the bank in the 198 geared to lower government budgets ar a larger role for private corporations. H clearly rejected as "analytically inad quate" the criticism that the US subs dised assistance to Third World natio was too low. "We cannot expect larg and larger replenishments for concession financing. The political and econom realities will not permit it," he said.

The US Deputy Treasury Secreta further told the 150 participating mem bers of the group that the Reagan Ad ministration, mindful of Congressiona opposition to increasing any aid pack ages, is focussing on ways in which mor World Bank activities could be taken u by the private sector. Furthermore, h said, the current Reagan Administratio is looking for a change in internationa banks' lending policies, including shortened maturities, more floating rate arrangements and increased conditionality in certain loans.

Mr McNamar's address, in effect previewed a US Treasury report due next month that will recommend a reduction in the role of the multilateral lending institutions and — notably — a sharp cut in the money appropriated for the IDA. the soft-loan arm of the World Bank. Mr Leland warned that, with limited resources available to it, the bank in the future will "have to make hard judgments" on which countries should be aided and how the recipients should use the money.

The argument over the role of the bank in an era of high costs was joined at the beginning of the conference when former US Treasury Secretary, Mr George Shultz, took sharp issue with a plea by former World Bank president, Mr Robert S. McNamara, that the bank be allowed to continue to expand, especially its subsidised loans to the poorest countries.

Mr McNamara had said that "the bank can play a major role — contributing both intellectually and financially"

Continued on page 211

EDITOR'S NOTEBOOK

Vadilal Dagli

HEN will this Government understand that export of such basic neces ies as rice worsens the crisis in our tchens ? Even after the massive IMF an of Rs 5,000 crores, must the Govern ent export essential commodities ? hen the conclusion is inescapable that ew Delhi is more worried about the nsumption of the rich rather than that the poor. At a time when the whole le price of rice has risen by 13 per cent uring 1981, it is unwise to export this ssential commodity. These thoughts ame to my mind when I read recently at India would supply two lakh tonnes f rice to the USSR in return for crude il. According to press reports Govern nent is likely to export about six lakh onnes of non-basmati rice during 1981- 2. Further, basmati rice continues to be nder open general licence (OGL). Dur ng the last one year or so price of average quality of rice in Bombay has risen sharply by more than 25 per cent from Rs 3 per kg to Rs 3.80. In the midst of such a sharp price rise, food bufferstocks have dwindled to about 10.5 million tonnes at the end of 1981 as compared with 11.7 million tonnes at the end of 1980 and 17 million tonnes at the end of 1979.

It is no use arguing that rice production during 1981-82 would be a record 54 million tonnes as against 53.2 million tonnes last year. The news of export of even a few lakh tonnes of rice would lead to scarcity psychosis and, in turn, to further price rise. I have been pleading through this column that under no circumstances exports of basic necessities such as rice, sugar, gur, fish, meat, vegetables and fruits should be allowed. While the common man gets hardly any benefit out of the import of crude oil, they are the first and foremost sufferers when we export rice. Somehow, our priorities are so perverted that we have no rice to support the National Rural Employment Programme which provides gainful employment to the rural poor, but we have enough rice for export.

★

THE selection of Babasaheb Anantrao Bhosale, the Minister for Law and Judiciary in Antulay Government, as the Chief Minister of Maharashtra has stunned Congress (I) workers most. Mr Bhosale had not shown any outstanding merit as Minister, although he was known as a good man. But that is all one can write about him. He sometimes made statements in public which created embarrassment to his colleagues. For instance, at Kolhapur last month from a public platform, he and the Minister for Cultural Affairs, Mr Jayantrao Tilak expressed different views about building a film city in Kolhapur and Mr Tilak had rebuked him publicly that the Law Minister had no business to make statements about his Ministry. Again, on one occasion in the Assembly, Mr Ramrao Adik, Minister for Finance, intervened to say that the views expressed by Mr Bhosale about the judiciary were not the views of the Government.

Then why did Mrs Gandhi select a person of such limited abilities to rule an economically strategic state like Maharashtra. There are several explanations. But my hunch is that he was perhaps most acceptable to a large segment of pro-Antulay MLAs in the Congress Legislature Party in Maharashtra. As a matter of fact, some of them, while professing allegiance to Mrs Gandhi, had indicated that they were more loyal to Antulay than to their supreme leader in New Delhi. So Mrs Gandhi must find a man acceptable to Antulay. It seems that he is a nominee of the Antulay group. His behaviour at the time of swearing in ceremony showed him not as a Chief Minister, but a *chela* of the discredited outgoing chief minister. Soon after the swearing in ceremony he declared: "Of course I will take Mr Antulay into confidence while forming the cabinet. He is the ex-leader of our legislative party. The matter will certainly be discussed with him".

The Marathi press has in so many words said that Maharashtra did not deserve Mr Bhosale as chief minister. The leading Marathi daily, *Maharashtra Times*, said that "it remains to be seen whether Babasaheb will run his own administration or someone else's. Mr Antulay's money power is big and it is likely that he and his supporters would attempt to make Babasaheb a chief minister only in name. Among the supporters of Mr Antulay there is a talk of his comeback", the paper added.

Mr Bhosale seems to have got an assurance from Mr Antulay that he (Antulay) never intended "to stage a comeback" and that he would not "stand in my way and would let me complete my term". He also expressed the view that Mr Antulay was removed from power for technical reasons and that he will win in an appeal. From the point of view of clean public life this 'technical approach' to independent India's most talked about corruption case is a depressing beginning for a chief minister.

★

THE tendency of the Central Government to appropriate more and more power has also made India a near unitary state although in law it is federal. Chief ministers of almost all political parties have expressed their sense of frustration. One chief minister used to say "A mayor of municipal corporation is more powerful than a chief minister". This question was again discussed at a seminar on the New Federalism which was organised in Madras recently. The Electricity Minister of Tamil Nadu Government (which is ruled by a regional party, Anna DMK) made an important point when he said that the Indian Government had become unwieldy because of the amount of power it had amassed. It had also become more inefficient for the same reason. The Centre was now trying to execute projects which the state governments could easily do on their own.

Mr Ramachandran cited an example : "If the state government opens an engineering college the Centre will open a regional engineering college next door". It will be worthwhile to make a study of the erosion of the economic power of the states during the past 30 years. Although agriculture is a state subject, in New Delhi there is the gigantic Krishi Bhavan with thousands of bureaucrats pushing the papers and interfering in the affairs of the states. The time has arrived for the states to demand a halt to centralisation which has only increased privations of the people who are called upon to deal with the distant Delhi. One effective step in this direction should be the control and ownership of Radio and TV by state governments. This would help more balanced development of districts through dissemination of economic information in the language of a state. It would also impart a new strength to our great national languages like Tamil, Malayalam, Bengali, Marathi and Gujarati.

COVER STORY

The worth of 'sugar-coated' debentures

By KUMARAN POLA

THE year 1981 marked a watershed in the history of the public issues of debentures. Excluding the public issues of bonds by the Industrial Credit and Investment Corporation of India Ltd aggregating Rs 127.25 crores, the capital raised through the public issues of debentures by private sector companies in 1981 amounted to Rs 138.9 crores. This may be contrasted with the annual amounts of capital raised through the public issues of debentures during the last decade: Rs 6.77 crores (1970-71), Rs 18.40 crores (1971-72), Rs 46.54 crores (1972-73), Rs 17.27 crores (1973-74), Rs 22.47 crores (1974-75), Rs 30.36 crores (1975-76), Rs 40.78 crores (1976-77), Rs 29.10 crores (1977-78), Rs 50.01 crores (1978-79) and Rs 33.26 crores (1979-80).

Debenture boom

The non-hesitancy with which the companies have adopted the public issues of debentures as a source of long-term funds is matched only by the overwhelming enthusiasm with which the investors have responded to them (see exhibit-1). There are ample indications in the financial environment within and without companies to allow one to presume that the public issue of debentures would continue as an important source of long-term funds to the private corporate sector (see 'Sugar-coated' debentures, *Commerce*, September 26, 1981). The direct cause of and corollary to the emergence of debentures as a significant source of corporate finance is their recognition as good securities to funnel investible funds by the investors.

Investment analysis

Those who save money and hav surplus funds to invest do not pu them randomly in all and sundr securities. They undertake investment analysis by themselves or wit the help of others before taking th investment decisions. Investmen analysis in the context of debenture implies a detailed study of their quality and value. The task of determining the investment worth o debentures has become more difficult with the practice of offering various incentives as 'sugar-coatings to elicit investors' interest.

The 'sugar-coatings' affect the quanta and timings of the cash-flows associated with the investments in debentures. For instance, the offer of additional interest to match with stepped-up dividends, upward revision of interest rate in the event of the government doing so, option for conversion into equity, buy back of

---

Dr Kumaran Pola . heads the corporate division of Commerce Research Bureau.

Exhibit—I

Public issues of debentures during 1981

(Amounts in Rs crores)

Sl. No.	Name of the Company	Month	Convertibility	Amount	Oversubscription
1.	Camphor & Allied Products Ltd., Bombay	January	Convertible	1.00*	12.00 times
2.	Indian Rayon Corporation Ltd., Veraval, Gujarat	March	Convertible	5.75*	11.6 times
3.	Hindustan Development Corporation Ltd., Calcutta	May	Right to equity	0.75*	72 times
4.	Siemens India Ltd., Bombay	May	Non-convertible	5.00	
5.	Voltas Ltd., Bombay	May	Convertible	3.00*	
6.	Reliance Textile Industries Ltd., Bombay	June	Convertible	24.00*	8.7 times
7.	Associated Bearing Company Ltd., Bombay	July	Non-convertible	3.00	5 times
8.	Madura Coats Ltd., Madurai	July	Non-convertible	3.50	
9.	J. K. Synthetics Ltd., Kanpur	August	Non-convertible	5.00	
10.	Rustom Mills and Industries Ltd. Ahmedabad	August	Convertible	2.00*	
11.	Shri Dinesh Mills Ltd., Vadodara	August	Right to equity	1.00*	5.97 times
12.	Straw Products Ltd., Jaykaypur, Orissa	August	Convertible	10.00	8.68 times
13.	East India Hotels Ltd., Calcutta	August	Convertible	7.50*	25 times
14.	Wimco Ltd. Bombay	August	Non-convertible	5.00	
15.	Fibreglass Pilkington Ltd., Bombay	September	Convertible	2.63	
16.	Kirloskar Brothers Ltd. Pune	September	Non-convertible	1.50*	
17.	Indian Rayon Corporation Ltd., Veraval, Gujarat	September	Non-convertible	5.00	
18.	Morarjee Goculdas Spg & Wvg Co Ltd., Bombay	September	Non-convertible	2.50	
19.	Union Carbide India Ltd., Calcutta	October	Non-convertible	5.00	
20.	Ferro Alloys Corporation Ltd., Tumsar, Maharashtra	November	Convertible	7.50*	
21.	I.T.C. Ltd., Calcutta	November	Non-convertible	5.00	5.19 times
22.	Jyoti Ltd., Vadodara	November	Convertible	2.00*	
23.	Kanoria Chemicals & Industries Ltd., Calcutta	November	Non-convertible	1.50	2.9 times
24.	Star Industrial & Textile Enteprises Ltd., Bombay	November	Convertible	4.25	
25.	Ahmedabad Shri Ramkrishna Mills Co Ltd .Ahmedabad	November	Convertible	0.60	
26.	Delhi Cloth & General Mills Co Ltd., Delhi	December	Convertible	6.00*	
27.	Tata Iron and Steel Company Ltd., Bombay	December	Convertible	19.00*	8.5 times
	Total			138.88	

Note: In addition. Industrial Credit and Investment Corporation of India Ltd. the all-India private sector financial institution made public issues of bonds aggegating Rs. 127 25 (January Rs. 18.25 crores, March Rs. 9.00 crores, June, Rs 54.50 crores and November Rs 45.50 crores).

* Oversubscribed (others were either not oversubscribed or about which information was not available)

ntures, right to subscribe to and
e issued equity shares etc alter
timings and quanta and, in turn
overall pattern of cashflows asso-
ed with the investment in deben-
es.

As a result, the estimation of
expected cashflows of the invest-
nts in 'sugar-coated' debentures
become more difficult than that
'straight debentures' with fixed
es of interest and pre-determined
lemption or maturity schedules.
e rates of return calculations
vertised by companies while float-
g the 'sugar-coated' debentures
ve further led to conceal rather
an convey their true worth.

It is in the interest of the inves-
rs that they ascertain for them-
lves the implied rates of return
volved in the investments in
ebentures. The institutional in-
estors have professionals among
heir staff to determine the invest-
ent worth of the securities. On
he other hand, the individual inves-
ors though proficient in their own
reas of specialisation as doctors,
dvocates, engineers etc and also as
igh-salaried employees in private
ector and public sector industries
nd in government service find them-
elves in wilderness when confron-
ed with the problem of evaluating
various investment opportunities,
particularly of investing in 'sugar-
coated' debentures. They are forced
to seek the help of investment coun-
sellors or to invest blindly by rely-
ing on hearsay.

The increasing number and volume of the public issues of capital are attracting a large number of people to provide the incidental services connected with the management of public issues and making them successful. Not an insignificant number among them could be charlatans masquerading as wizards in investment analysis and counselling. Under the circumstances, the only way in which the individual investors can protect themselves is through the eradication of their utter ignorance of the technicalities of the investment analysis. The main objectives of this article are to touch upon the important factors relevant to investment analysis, to impart a working knowledge of the interest rate mathematics and to present a skeleton methodology to determine the investment worth of 'sugar-coated' debentures.

An investment decision by an individual involves the comparison of the various investment opportunities available such as company deposits, equity shares, debentures, term deposits with banks and others, and selecting one of them or combining several of them to form a portfolio. An investor tries to maximise the benefits of his investment objectives, namely, maximising the return on investment, minimising the risk of losing the capital and ensuring a reasonable degree of liquidity for the investment. The decision to invest in debentures may be made if, after proper investment analyses, they are found to satisfy his investment objectives.

Problem of determining cashflows

As already mentioned, some of the terms and conditions attached to the recent issues of debentures while acting as 'sugar-coatings' have complicated the problem of ascertaining the quanta and timings of the cashflows. An illustrative list of the terms and conditions attached to debentures is given below:

(i) "Additional interest of one per cent per annum will be paid for any financial year if for the immediately preceding year the company declares a dividend on its ordinary shares at a rate exceeding 12.33 per cent, such rate to be appropriately adjusted for any future issue of bonus shares that the company may make during the currency of the debentures" (Prospectus of Mukand Iron & Steel Works Ltd).

(ii) "Each debenture of Rs 200 held by debentureholders shall carry a obligation on the company to issue, and on the debentureholders to take up 5 ordinary shares of Rs 10 each credited as fully paid-up at a premium of Rs 5 per share". (Prospectus of Mukand Iron & Steel Works Ltd).

(iii) If, at any time during the currency of the debentures, the Central Government announces any increase in the rate of interest payable on such debentures, the company shall pay such higher rate of interest on the outstanding principal amount of the debentures" (Prospectus of I.T.C. Ltd).

(iv) "The balance of the debentures of Rs 75 shall be redeemable at par in three equal annual instalments of Rs 25 each on the last day of 8th, 9th and 10th year from the date of allotment of the debentures" (Prospectus of Jyoti Ltd).

(v) "The company may repurchase the debenture from the market at par value and reissue at a value not below the par value at the discretion of the company. The company will, subject to the approval of any statutory authorities as may be necessary, repurchase the debentures from any debenture holder whose total holding does not exceed Rs 25,000 ... provided that the aggregate value of such repurchase by the company shall not exceed Rs 25,00,000 in any calendar year" (Prospectus of Wimco Ltd).

Time value of money

After determining the quanta and timings of the cashflows as per the terms and conditions pertaining to the 'sugar-coated' debentures, their investment worth may be worked out with the application of the time value of money concept which simply states that a rupee received today and a rupee received after a lapse of time are not comparable as money has a time value. For instance, the present value of Rs 10,000 received at the end of ten years, at an interest rate of 10 per cent, is only Rs 3,855. Alternatively, the future value of Rs 3,855 of today at the end of ten years, at an interest rate of 10 per cent, is Rs 10,000. Exhibit-2 gives the various interest rate formulae used in investment analysis. The cashflow diagrams accompanying the formulae further clarify the concepts involved. With the help of the formulae given in Exhibit-2 or alternatively by using the relevant factors from the interest rate tables, an investor can bring the cashflows to the required point in time, through compounding to determine the future values or through discounting to determine the present values. Subsequently, the implicit rates of return may be estimated.

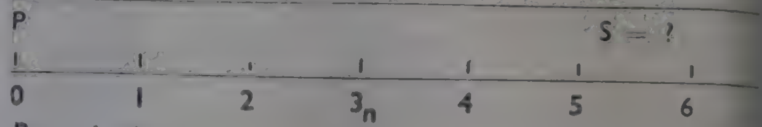
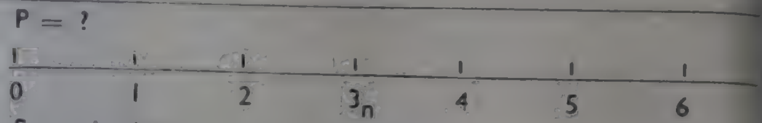
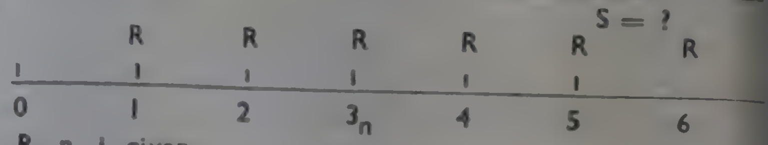
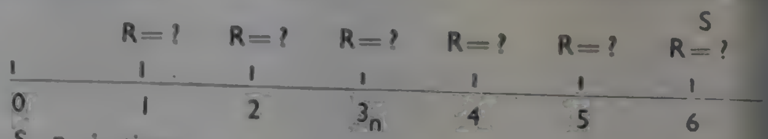
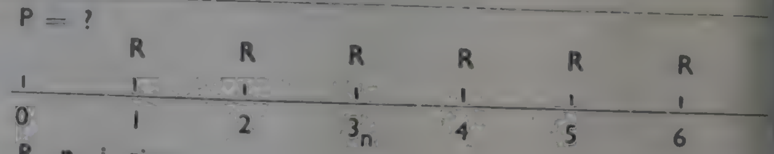
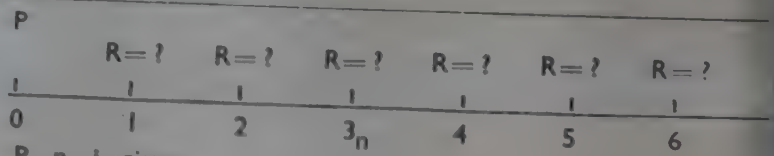
Advertised return

The rates of return advertised and the rates of return calculations by taking into account the time value of money concept in respect of three companies are illustrated in Exhibit-3. Of course, certain assumptions have been made: time-horizon cho-

COVER STORY

Exhibit—2

Compounding and discounting formulae

Sl. No.	Formula Name	Formula	Use (Compounding or Discounting)	Cash flow diagrams
1.	Future worth of a present sum (Single payment Compound amount factor)	$S = P(1+i)^n$	To find future sum equivalent of present sum (Compounding)	 P, n, I given
2.	Present worth of future sum (Single payment present worth factor)	$P = S \dfrac{1}{(1+i)n}$	To find present sum equivalent of future sum (Discounting)	 S, n, i given
3.	Future worth a uniform series (Series compound amount factor)	$S = R \dfrac{(1+i)^n - 1}{i}$	To find future sum equivalent of uniform series of end of period sums (Compounding)	 R, n, i given
4.	Uniform series worth of a future sum (Sinking fund factor)	$R = S \dfrac{i}{(1+i)^n - 1}$	To find uniform series end-of-period sums of equivalent of a future sum (Discounting)	 S, n, i given
5.	Present worth of a uniform series (Series present worth factor)	$P = R \dfrac{(1+i)^n - 1}{i(1+i)^n}$	To find present sum equivalent of uniform series of end of period sums (Discounting)	 R, n, i given
6.	Uniform series worth of a present sum (Capital recovery factor)	$R = P \dfrac{i(1+i)^n}{(1+i)^n - 1}$	To find uniform series end of period sums equivalent of a present sum (Compounidng)	 P. n, I given

Notes : P = Present sum of money; n = number of periods during which interest is earned; i = interest rate per period; S = future sum of money;
R = uniform payment at the end of each period

Presented above are the various interest rate formulae, the related cashflow diagrams and the respective use to which each of the formulae may be put. By referring to interest rate tables, an investor can ascertain the interest rate factors for compounding or discounting, as the case may be, and determine the present values or future values of the cashflows related to any investment situation. An understanding of the formulae and the cashflow diagrams is of utmost significance in investment analysis with which an investor will be able to describe the relationship among the initial investment, the interest and other receipts from that investment, the number of years for which the investment is maintained and the compound value of the principal and other receipts at the termination of the investment

sen for the analysis is the full maturity period of the respective debentures. It is assumed that amounts periodically received by an investor in connection with the original investment, whether they are interest or dividend payments or repayment of capital, are immediately reinvested at the rate of interest obtainable from the concerned debentures. It is assumed that in order to benefit from the future rights and bonus issues, the equity shares received through partial conversion of debentures are retained rather than old immediately. However, likely accretions to the value of the investment or to the periodical payments because of rights or bonus issues of shares have not been incorporated in the calculations. Also, not readily quantifiable aspects of determining the investment worth of debentures such as safety and liquidity are excluded. Similarly, the analysis does not provide for the depletion in the real value of the investments resulting from inflation, an all-pervasive economic phenomenon of the present day. The tax considerations pertinent to individual investors have also to be taken into account.

East India Hotels Ltd advertised that the effective rate of interest would be 23.66 per cent per annum. The company also stated that an investment of Rs 10,000 would become Rs 33,300 at the end of ten years. Tata Iron and Steel Co Ltd estimated a total return of 105 per cent over three years or 35 per cent per annum on the investment in its bonds. The time value of money adjusted rates of return have worked out to 14.40 per cent on the convertible debentures of East India Hotels and 17.07 per cent on those of Tata Iron and Steel Co. (Exhibit-3). These are not the rates of return which should take the investors into raptures. Then, what factors explain the overwhelming investor response to some of the public issues of debentures? The additional equity shares receivable on partial conversion of debentures or through rights to equity attached to debentures and the likely further accretions to them through rights and bonus issues and dividends receivable on them at the existing or enhanced rates are some of them—precisely the aspects which have not been incorporated in either the advertised or time value of money adjusted rates of return calculations. And these are also precisely the incentives to invest in 'sugar-coated' debentures. These aspects have ac-

Continued on page 201

Exhibit-3

Advertised Returns vis-a-vis Time Value of Money Adjusted Returns

East India Hotels Ltd

Convertible Cumulative Debentures

RETURNS

You invest Rs. 10,000/-
And receive Rs. 33,300/- + in
0 years as under

) Interest @ 13.5% compounded at half-yearly rests	Rs. 17,500/-
2) 200 Equity Shares of Rs. 10/- each at Rs 25/- per Equity Share (Current market price Rs 27/-) sold at the end of 10th year	Rs. 5,000/-
3) Dividend* on 200 Equity Shares for seven years	Rs. 2,800/-
4) Principal amount redeemed at the end of 7th, 8th, 9th and 10th year	Rs. 8,000/-
	Rs. 33,300/-

*The above figures is based on dividend at 20% for a period of seven years. For the financial year ending 31st March, 1981 the Company has declared a dividend of 22%.

In addition to the above figure given, the investor can earn additional interest on the redeemed amount of Rs. 2,000/- at the end of 7th, 8th and 9th year.

The Company has decided to pay 1% additional interest on the very first year

CASH OUTFLOWS (Rs)	CASH INFLOWS (Rs)
100	September, 1981
September, 1984	44.1892 (2.5801)
March, 1985	1.10 (1.0725) (2.2534)
March, 1986	2.20 (1.0725) (1.9680)
March 1987	2.20 (1.0725) (1.7188)
March 1988	2.20 (1.0725) (1.5011)
September, 1988	35.0113 (1.5011)
March 1989	2.20 (1.0725) (1.3110)
September, 1989	40.2720 (1.3110)
March, 1990	2.201(1.0725) (1.1450)
September 1990	46.3231(1.1450)
March 1991	2.20(1.0725)
September 1991	88.7815(1.0000)

Original investment (outflow)	= Rs.	100
Terminal value of cash inflows at a reinvestment rate of 14.5 per cent	= Rs.	384
Time value of money adjusted rate of return (per cent)	=	14.40

Tata Iron and Steel Company Ltd

In its Seventy-Fifth Year

Tata Steel wishes investors many happy returns

HIGHLIGHTS OF CONVERTIBLE BONDS

INTEREST	: 13.5% per annum plus additional 1% linked to a dividend on ordinary shares of 13.5% or more (to be adjusted for bonus issues)
CAPITAL APPRECIATION	: Option to receive one ordinary share of Rs. 100/– at par after 3 years
FULLY SECURED	: By mortgage of fixed assets
LIQUIDITY :	: Bonds will be listed on Bombay, Ahmedabad and Calcutta Stock Exchanges

Declared as 'Public Securities' by the Government of Maharashtra for investment by Trusts.

EXPECTED RETURN TILL CONVERSION

Investment in 1 Bond	Rs. 300	
Interest for 3 years		Rs. 130.5
Capital Appreciation on One Ordinary Share (Present market price Rs. 400/- (cum bonus) equivalent to Rs. 285 - (ex-bonus) less Rs. 100 cost of 1 ordinary share)		Rs. 185.0
		Rs 315.5

A total return of 105% over 3 years or 35% per annum

CASH OUTFLOWS (Rs.)	CASH INFLOWS (Rs.)
300	January, 1982
September, 1982	29.00(1.0483) (3.3826)
March, 1983	21.75(1.1208) (2.9542)
September, 1983	21.75(1.0483) (2.9542)
March, 1984	21.75(1.1208) (2.5801)
September, 1984	21.75(1.0483) (2.5801)
March, 1985	21.75(1.1208) (2.2534)
September, 1985	14.50(1.0483) (2.2534)
March, 1986	29.50(1.1208) (1.9680)
September, 1986	14.50(1.0483) (1.9680)
March, 1987	29.50(1.1208) (1.7188)
September, 1987	14.50(1.0483) (1.7188)
March, 1988	29.50(1.1208) (1.5011)
September, 1988	14.50(1.0483) (1.5011)
March, 1989	29.50(1.1208) (1.3110)
September, 1989	14.50(1.0483) (1.3110)
March, 1990	29.50(1.1208) (1.145)
September, 1990	14.50(1.0483) (1.145)
March, 1991	29.50(1.1208)
September, 1991	14.50(1.0483)
January 1992	580.17(1.0000)

Original investment (outflow)	Rs	300
Terminal value of cash inflows at a reinvestment rate of 14.5 per cent	= Rs.	1450
Time value of money adjusted rate of return (per cent)	= Rs	17.07

PAKISTAN
NEPAL
INDIA
BURMA
BANGLADESH
SRI LANKA
MALDIVE ISLANDS

SOUTH ASIA REVIEW

Public sector struggles to progress

From ARVIND BHANDARI

NEW DELHI

THE much-criticised Indian public sector has at last yielded a news which is not disconcerting. The Finance Minister reported recently that, according to tentative figures, the public sector undertakings would collectively make a net profit of Rs 48.47 crores in 1981-82. He also claimed that the number of public sector undertakings making profits had gone up from 139 in 1980-81 to 170 in 1981-82.

This no doubt represents a reversal of the downward trend witnessed in recent years. The collective losses of public sector undertakings in the last three years rose as follows : Rs 40 crores in 1978-79, Rs 74.28 crores in 1979-80 and a colossal Rs 299 crores in 1980-81. The return on investment, viewed as a percentage of gross profits to the capital employed, has also generally been poor, ranging between 7 to 7.5 per cent.

But there should be no cause for complacency, leave alone jubilation. The poor performance of the public sector remains a major national concern, as is evident from the stinker sent by the Prime Minister to some Ministers recently upbraiding them for the continued inefficiency of the undertakings attached to their ministries.

The performance of the public sector looks all the more lugubrious when compared to the rising profits of the private sector. For example, the net profits of the top 101 private sector giants went up from Rs 274.8 crores in 1978-79 to Rs 360 crores in 1979-80, a jump of 31 per cent. The return on investment, viewed as in the case of the public sector, was 11.7 per cent. The profitability of the 151 private sector mini-giants was even better than their giant counterparts, the rate of return on investment being 15.3 per cent.

No doubt one reason for the high profitability of the private sector is that it functions on the basis of high profit margins, which are facilitated by oligopolistic conditions resulting from lack of sufficient competition because of the preponderant controls. At the same time, account has to be taken of the fact that the Indian private sector manages to show high profits despite the huge amounts of money it spends on ostentatious extravagance and bribes given to government functionaries who hold the key to permits and licences. It is difficult to deny that, in the ultimate analysis, the private sector is more efficient than the public sector.

The oft-repeated apologia traditionally offered on behalf of public enterprises is that their functioning is subservient to the goals of economic policy and public interest and is not based on commercial profitability. Public enterprises have to, in other words, bear "social burdens". This is to a certain extent true. The social burdens public enterprises have to bear include price fixation at levels lower than those warranted by market forces, tending of taken-over sick units, promotion of balanced regional development and generation of additional employment. But the handicap imposed on public enterprises because of the social burdens does not fully explain the wide gulf in their performance and that of private sector. Moreover, it must be mentioned that the social burdens handicap is partly neutralised by the comparative advantages enjoyed by public enterprises, as appendages of the government, in regard to availability of finance and industrial inputs.

The fact of the matter is that th public sector in India suffers from abysmally poor stewardship and managemen Public sector enterprises continue to b treated as bureaucratic out-posts of th ministries concerned. Despite all the highfalutin talk about industrial managemen pools, in practice a large number of senio management posts continue to be fille by bureaucrats drawn from different government departments. Worse, functionin of the enterprises is inhibited by constan bureaucratic interference and intrusio from the ministerial end.

Bureaucratic culture is not conducive to the sort of business dynamism needed for the success of an enterprise Greater autonomy and professionalisation must also be accompanied by the introduction of a reward-and-punishment system which would serve as a substitute for the sort of incentive provided by free enterprise in the private sector. Mrs Gandhi has done well to mention, in her letter to her ministerial colleagues, that a system of reward and punishment to managers of public sector undertakings should be introduced. She might have added that the system should apply to the workers as well, so that they do not deteriorate into government babus.

A strong section of opinion in the country feels that the public sector should be consolidated rather than expanded further and that more play should be given to private investment and private enterprise. This also happens to be one of the main thrusts of the IMF advice which New Delhi cannot but have heeded. Little wonder, therefore, that the Government, worried about its socialist credentials, went out of the way during the IMF debate in Parliament to proclaim that the public sector would not be dis-

STANROSE

SUIT-ABLES

Stanrose know
how to separate
the men from
the boys.
With fabrics
for soft shirts,
impeccable jackets,
keen-as-a-blade
trousers.

For men
and for women.
Stanrose Fashions.

Suitings, shirtings,
sarees, dress materials.

STANROSE
fabrics

SM Standard Mills

Mafatlal Apparel

Surat Cotton Mills

everest/81/SM/341

Housewives!

Here's the answer to all your cleaning problems

TEEPOL
B-300
DETERGENT
LIQUID
TEEPOL
NATIONAL ORGANIC CHEMICAL
INDUSTRIES LTD. Bombay 400 021
Contents: 500 gms when packed.
"TEEPOL" is a Shell Trade Mark.

TEEPOL

multi-purpose liquid detergent

TEEPOL—a world-class product used by women the world over

Teepol is a quality detergent formulation of Shell worldwide, which NOCIL (a Mafatlal-Shell Company) now brings to Indian housewives.

TEEPOL—drives dirt out faster

Teepol, being a liquid detergent, dissolves instantly in water. So you can start washing-up whatever you want right away.

TEEPOL—cuts grease instantly

Due to its powerful detergent action, Teepol wipes out every trace of grease. It cleans twice as well with half the effort.

TEEPOL—saves you money

Teepol is concentrated. You need to use only a little to do a great cleaning job.

TEEPOL—the versatile cleanser

It is the one liquid detergent that does the job of many. It cleans tiles, bottles, jars, windows, mirrors, woodwork, carpets, furnishings, dishes, cutlery, ovens, sanitary-ware and floors.

Marketed by:
NOCIL
NATIONAL ORGANIC CHEMICAL
INDUSTRIES LIMITED
Mafatlal Centre, Nariman Point, Bombay-400 021.

A little TEEPOL does a lot of cleaning.

CHAITRA-NOC-16

ed from the "commanding heights of economy".

Interestingly, economic realities on ground have induced the Government lready make some moves towards sening of the economy and more en-ragement for the private sector. The ious steps taken can be quickly re-pitulated. Nineteen Appendix I indus-s in the core and related sectors are be allowed automatic growth of 5 per at for five years. Excess capacity of in-stries "important to national economy d engaged in production of articles of ass consumption" has been regularised th effect from August 1980. Export oduction has been exempted from RTP regulations. The Foreign Ex-ange Regulation Act has been libera-sed to permit 74 per cent foreign equity highly sophisticated or export-orien-d industries. Free trade zone facilities re being given to all 100 per cent export-riented units irrespective of their location. The oil-exporting developing countries can invest up to 40 per cent in equity without transfer of technology. Henceforth the convertibility clause would apply to financial assistance of Rs 1 crore instead of Rs 50 lakhs from term lending institutions and the acquisition of equity cannot exceed 40 per cent. A few years ago the highest level of personal income taxation was reduced from 72 to 66 per cent.

Economic observers feel that what has been done is too piecemeal and niggardly. What is needed is a revamping of the system of controls. Only such controls should be retained which have a direct bearing on the poorest section of the population. The Vadilal Dagli Committee report on "Subsidies and Controls" could be a starting point for such an exercise. The only 'ism' which the competing claims of public sector and private sector brook is pragmatism.

PAKISTAN
NEPAL
INDIA
BURMA
BANGLADESH
SRI LANKA
MALDIVE ISLANDS
SOUTH ASIA REVIEW

Pakistan: Managed floating exchange rate

From **KHALIQUE ZUBERI**

KARACHI

IN the economic field, Pakistan began the new year with a historic decision; the rupee was delinked from dollar effective January 8, 1982. An official announcement from Islamabad said, "Pakistan will maintain a managed floating exchange rate of Pakistan rupee with reference to a trade weighted basket of currencies of the country's major trading partners". A committee in the State Bank of Pakistan has been charged with the responsibility of fixing the exchange rate every day. What would be the basket has not been disclosed. As for trading partners, the Finance Minister told a post-decision press conference that China and Iran were the major ones.

This is for the first time that Pakistan rupee has been freed but the dollar will remain the "intervention currency" and the Ministry of Finance will continue managing the float. The reason given by the government to opt for the floating exchange rate is that fortunes of the rupee were buffeted by fortunes or misfortunes of dollar and Pakistan had an exchange rate which depended on the US economy. "We want to have an independent economic management policy," the Finance Minister boasted and added that interests of Pakistani exporters and importers would be protected.

Pakistan has been facing the problem of sagging exports during the current fiscal (1981-82). During the first five months ending November, total exports were worth 906 million dollars as against 920 million dollars in the corresponding period last year. The President's Adviser on Foreign Trade and chairman of the Export Promotion Bureau, Mr Hamid D. Habib, of the renowned Habib family, said barely days before the historic delinking decision that cotton and rice, which are the two major export commodities, may fetch 350 million dollars less than last year. Cotton and rice fetched 1,080 million dollars in 1980-81. Export trade of these commodities is restricted to public sector corporations and Mr Hamid pleaded for opening export trade to private sector. He said, "If Cotton Export Corporation and Rice Export Corporation fail to physically export the projected quantities, we may not even reach last year's (about three billion dollars) export figure."

This has been worrying the government. Since Pakistan's exports were denominated in dollars, appreciation in the value of the US currency made the exports from Pakistan dearer and the competitive edge was affected in the process. As Pakistan has reaped a rich harvest of 46 lakh bales of cotton this year and may have at hand a surplus of twenty lakh bales for export, the floating exchange rate which immediately reduced the value of the currency by two per cent, should help. While the fixed parity was Rs 9.90 to a dollar, the first day's exchange rate based on the basket was Rs 10.10. Pakistan had opted for a massive 130 per cent devaluation in 1972 fixing a parity rate of Rs 11 to a dollar. In 1973, the dollar itself was devalued and Pakistan refixed the exchange rate at Rs 9.90 to a dollar.

Private exporters are of the view that while floating exchange may help in increasing exports, much would depend on the world demand. The problem, they feel, is that global recession is not showing signs of immediate recovery and thus exports from developing countries would continue to be threatened. Those with larger surpluses are affected more. So long as the fixed parity was continued, the government had been endeavouring to provide competitive edge to Pakistan exports through a system of rebates, customs tariff and low-interest credit. While all these concessions will have to be continued, there is a general consensus among business community that even with a floating exchange rate, extra marketing efforts would be needed.

While importers were awaiting the details of mechanism of the new exchange rate system, they agreed that imports would become costlier to the extent the rupee value had depreciated or would do so in future, if it did. Pakistan's imports (worth six billion dollars annually) can be classified into three categories. (i) Capital goods and machinery (ii) raw materials and (iii) consumer items. While appreciation in the value of consumer items would be a positive disincentive for their imports, it would be necessary to reduce tariff and duties on capital goods and raw materials for the industries, out of the total imports, the share of capital goods and industrial raw material is 85 per cent.

The floating exchange rate may have some salutary effect on home remittances from Pakistanis working abroad who remit every year three billion dollars in cash and kind. A better exchange rate would be an incentive to send more through banking channels as competitive edge of the *hundi* system would also be reduced. On the other hand, foreign debt burden of Pakistan may go up. The

PAKISTAN
NEPAL
INDIA
BURMA
BANGLADESH
SRI LANKA
MALDIVE ISLANDS
SOUTH ASIA REVIEW

total debt outstanding against Pakistan was nine billion dollars as on December 31, 1981, the latest official available figures. Similarly, debt burden for industries whose credits are in dollars will also correspondingly increase. But new industries would not be affected. Over a year ago, the government had decided that after the payment of three per cent as exchange rate premium, the effect of currency fluctuation on industrial loans would be borne by the government.

The press note issued on the decision is of historic significance and needs be quoted in full. It said, "It has been decided by the Government of Pakistan that effective January 8, 1982, Pakistan rupee will be delinked from dollar. Hereafter Pakistan will maintain a managed floating exchange rate of Pakistan rupee with reference to a trade weighted basket of currencies of our major trading partners. Dollar will, however, continue to be the intervention currency and Pak rupee/dollar rate will be fixed daily by the State Bank of Pakistan. Under the arrangement, the rupee-dollar rate on January 8, 1982 will be Rs 10.10 to a dollar." At his press conference, the Finance Minister made it clear that the decision to float the currency had nothing to do with any condition by International Monetary Fund (IMF) which has been notified as a normal course about the change in Pakistan currency status. An expert describes it as "crawling devaluation."

Reduced plan outlays

From ZAKERIA SHIRAZI

DACCA

THE jute industry which is the main staple of economy in Bangladesh is facing a crisis. Twentythree broad loom units out of the country's 68 jute mills are going for partial lay-off and Adamjee Jute Mills, the biggest unit, is burdened with unsold stocks of Taka 16 crores. The Adamjee Jute Mills, a nationalised plant, which is (along with 67 other plants) run by the Bangladesh Jute Mills Corporation, had to borrow Taka 42 crores from three nationalised banks. Also 17,000 tonnes of carpet backing in 33 jute mills worth Taka 30 crores is reported to be lying unsold.

The fall in jute price in the international market is said to the chief reason for this slump. Demand for carpet backing appears to have fallen sharply in the international market due to recessionary tendencies there, a highly placed official was quoted as saying. The jute mills' cost of production of a ten of sacking is Taka 9,000 and hessian Taka 15,000. But the export price of sacking is Taka 8,000 and of hessian is Taka 12,000. Thus, the nationalised jute industry, with a heavy burden of bank credit, is reportedly incurring an average loss of Taka 3,000 per tonne and year-end loss is feared to be around Taka 200 crores.

It has been alleged that the cost of production in the nationalised sector is inflated by high establishment cost. It has also been alleged that the export promotion offices in the foreign capitals are not working satisfactorily. In a rece high level meeting President Sattar ha reportedly expressed unhappiness wi the performance of the high-spendin offices of Bangladesh Jute Mills Corporation, Export Promotion Bureau an Trading Corporation of Banglades whose work load could easily be handle by the commercial sections of the Bangladesh embassies abroad.

The Bangladesh Government has increased interest rate on all sorts of loan and advances to scheduled banks by hal per cent from this month, from 15.5 t 16. The rate of interest on advances t the service industries, hotels, restaurants cinema halls, hospitals and clinics wil come under this increased rate. However, loans and advances on agricultura and export credit will not be affected b this revision, according to a circular o Bangladesh Bank. Trade circles apprehend that with this increase financing fo trade and import would be seriousl hampered. They maintain that since Bangladesh economy is mainly dependent o import trade, this credit curb and restrictive measures are going to have far-reaching consequences and will even affec flow of capital goods for industries.

The lack of funds is seriously affecting developmental programme. An acute shortage both of domestic resource and external aid is being felt. In the last years' revised budget financing for developmental programme included project aid, the counterpart fund for non-project

Bangladesh: First Islamic bank

DACCA

IN the course of the next few months the first Islamic bank will be established in Dacca in the private sector. This bank will function in accordance with the provisions and injunction of the Islamic system of economy. Significantly, interest is prohibited in Islam. In this Islamic bank, therefore, both deposit and investment will be interest-free.

The international Islamic Bank (Dacca) Limited will start with a paid-up capital of Taka 8 crore with 60 per cent ownership resting in a few banks and establishments in West Asia. The remaining 40 per cent share is subscribed by 15 private entrepreneurs of Bangladesh. In spite of having minority share Bangladesh will exercise control over its overall management.

The proposed Islamic bank, eschewing the prevailing interest system, has devised alternative methods of operation. These include hire purchase, profit loss share, commodity finance, and leasing operations etc. Instead of investing money on interest basis the bank, through the above methods, will take share in the business of its clients or adopt the role of sellor-lessor. However, details of its *modus operandi* are not yet clear. But recently the Bangladesh Shipping Corporation has reportedly purchased a vessel from an Islamic bank of West Asia. It is further learnt that the bank will not extend cooperation to any commercial or industrial activity which is repugnant to the injunction of Islam. These include distilleries, movie houses, etc.

The depositors of Islamic bank will be entitled to a share in the profit of the bank instead of interest and the cash receipt from the sale of aid under PL-480 which totalled a 1,533 crores. Another Taka 836 es were obtained internally. This ns that external aid made up 65 per of the fund for developmental pro- mme in 1980-81. In the current year's elopment programme the quantum of rnal resource has been fixed at Taka 00 crores. (According to present ue of Taka in relation to dollar). Lo- currency has been fixed at Taka 15.25 crores. Of course 55 to 60 per nt of this local currency was made up counterpart fund of non-project aid sale encashment of foodgrains under -480.

According to reliable sources, in the rrent year's developmental programme local currency of Taka 1,715.25 cro- s is inclusive of the counterpart fund Taka 950 crores from non-project and od aid. According to this estimate in e revised development project only aka 865.25 crores will come from pure- domestic resources.

roject |
on-project | 71%—29% domestic
ood | resource.

In the original annual development lan the proportion of external aid was xed at 64 and domestic resource 36 per ent. Significantly, domestic resources oo originate from foreign aid. Foreign id is used to finance commercial imports and the commodities thus earned re subjected to external duty which is source of government revenue.

It is now definitely learnt that the Taka 25,000 crores Second Five-Year Plan is being drastically slashed to Taka 18,000 crores. The revised plan envisages foreign assistance of Taka 10,000 crores as against the original expectation of Taka 13,880 crores. The cuts have been effected only in public sector projects and the allocation for private sector (Taka 5,000 crores) has not been touched. According to a report, the President at a high-level meeting directed the Planning Commission to recast the plan within the available resources. The final design of the plan is likely to be placed before the cabinet soon.

Economists and observers, basing their calculation on the availability resources during the last two years, feel that any development plan exceeding, Taka 10,000 crores in the public sector would be ambitious. The revised plan envisages GDP growth rate of 5.6 per cent as against the original target of 7.2 per cent. The allocation for agriculture has gone up to 35 per cent from the original 32 per cent while that for industry has gone down to 15 per cent from the original 18 per cent.

Meanwhile the foreign trade division of the Commerce Ministry has expressed its pessimism over any possible improvement of the export profits. In a report prepared by it, it has pointed out that international trade deficit of developing countries may rise from $ 68 billion in 1980 to $ 90 billion in 1981. The report further said that the impact of current worldwide recession and slow growth rate in western countries which are the main buyers of Bangladesh products is the reason. Besides, the energy crisis and American policy of credit squeeze will deepen recession in the months to come. The OECD has forecast that high rates of unemployment in developed countries will continue and raise joblessness to 25 million in 1982. It is further apprehended that this might trigger a new round of protectionism and trade barriers in western countries which at present consume 65 per cent of the developing countries export.

INDIA
SRI LANKA
MALDIVE ISLANDS
SOUTH ASIA REVIEW

Sri Lanka: Attracting foreign investors

By Our Special Correspondent

FOREIGN investment has received a spurt in the Free Trade Zone in Sri Lanka in the past three years. One hundred and fifty foreign investors have entered into agreements with the authorities to start industries in the zone. Approximately 75 of them have commenced production or are on the way to commencing production. Others are in various stages of negotiations. New ventures in the zone have diversified from textiles and garments to leather goods, rubber goods, electrical industries, electronics, computers and jewellery. The favourable tax concessions offered in the zone — more favourable than those granted in any part of the world, Singapore, Hongkong or the Philippines—have attracted investors from more than 25 countries. They include Japan, Hongkong, Korea, India, Pakistan, the Gulf countries, Germany, Sweden, Switzerland, France and the USA. The tax concessions vary from 3 to 10 years depending on the nature of the industry. There are no duties on the import of machinery and raw materials and no export duties on finished products. Foreign investors are free to remit profits and salaries. Encouraged by the success of this free trade zone, near Colombo, the Sri Lanka government proposes to set up some more free trade zones in the country.

Even outside the free trade zone, the flexible policies of the Sri Lanka Government have attracted foreign investors in large numbers. In spheres where local capital is available, 51 per cent local equity capital is stipulated for joint ventures. Where local capital is not likely to be available even 70 per cent foreign equity participation is allowed. Foreign investors have been allowed to underwrite an entire issue and no venture is allowed to suffer for lack of local capital. Foreign investors have entered into industry, property development, fisheries and service industries. The Sri Lanka constitution offers guarantees for foreign investment. The Sri Lanka government has entered into investment protection agreements with the USA, West Germany, the UK, Singapore, the Republic of Korea and Hongkong. Similar agreements have been brought into force for many other countries in 1981.

Commenting on the success of Sri Lanka's policies, the Finance Minister, Mr Ronnie De Mel said, at a meeting at the Indian Merchants Chamber in Bombay that since the UNP Government was elected to power in 1977 with a majority unprecedented in history, it gave the economy a major turn by liberalising it abolishing controls which had been like a millstone round the country's economic structure and acted as obstacles to its free development. It unified the exchange rate and opened the economy to foreign investment.

The major change of direction in economic policy set in motion a strong growth and development process in the long term, despite certain difficulties in the short run. The rate of growth in the economy, which averaged 2.7 per cent in the period 1971-76 showed an impressive rise to an average of 6.8 per cent in the period 1978-80. He described last year's inflationary situation in the country as a reflection of the success and not failure of the government's policies. Large deve-

PAKISTAN
NEPAL
INDIA
BURMA
BANGLADESH
SRI LANKA
MALDIVE ISLANDS
SOUTH ASIA REVIEW

lopment schemes and a large pumping of funds into them had created inflation. As a result, there was a large budget deficit. The Sri Lanka government had to apply the brakes on growth and imposed credit restraints on the private sector through banks. This produced results. The inflation rate was halved from 35 per cent to 16 per cent.

Mr Ronnie De Mel described the way two neighbouring countries like India and Sri Lanka looked more at the West than each other for trade as a tragedy and said the time had come to come closer together. He hoped his visit to India would promote trade, investment and economic co-operation. He met the Prime Minister, Mrs Indira Gandhi, the Finance Minister Mr Pranab Mukherjee and representatives of chambers of commerce and discussed the Indian line of credit for Indian projects in Sri Lanka with Mr Pranab Mukherjee.

Some of the possible areas for Indian investment in Sri Lanka that he identified were sugar, leather and tea. In sugar, Sri Lanka is only 20 per cent self-sufficient though it can be 100 per cent self-sufficient. The country has 30,000 acres under sugar cultivation and two big factories producing 30,000 tonnes of sugar. It has got certain proposals from foreign firms for increasing sugar production. It has entered into an agreement with Bookers, a British firm with experience of sugar production in Mauritius and Seychelles for the cultivation of 20,000 acres and production of 20,000 tonnes of sugar. The Sri Lanka government is having talks with another Indian firm for two or three big sugar projects and would be happy to entertain more applications. The firm is allowed land for cultivation on a plantation basis. In the leather industry, Sri Lanka requires assistance in tanning and would like to import more hides and skins from India.

Foreign investment opportunities in Sri Lanka exist for sugar cane, soya bean, spices, rubber based industries, electrical and electronic industries, gems and jewellery, fisheries, boat building, mineral and oil exploration.

Nepal: Soviet Union promises massive aid

By BRAHMANAND MISHRA

IN recent months the intelligents in little Nepal has been greatly perturbed over the possibility of Nepal becoming a pawn in the super power rivalry. Though a section of it, including some high ups in the Singha Durbar, the seat of the Nepalese Government, is happy that the Kremlin has recently offered "massive" amounts of assistance to development projects in Nepal, by and large, the Soviet overturn has conveyed a feeling in Kathmandu that the super-power rivalry shadow is looming large over this belt. The offer is said to have come through the First Deputy Chairman of the Presidium of the Supreme Soviet, Mr V. V. Kuznetsov, who last month paid a two-day official visit to Kathmandu leading a 17-member strong delegation. The 81-year old Soviet leader who was received and seen off at the Tribhuvan airport by the Nepalese Prime Minister, Mr Surya Bahadur Thapa had during his two days' stay discussions on economic cooperation between the Soviet Union and Nepal and other matters described as of bilateral interest. According to a Nepalese Foreign Ministry spokesman the talks were held in a friendly and cordial atmosphere.

The spokesman said the Nepalese Prime Minister explained Nepal's preception of the Afghan situation and the Kampuchea issue and discussed other subjects of bilateral interest including Soviet economic cooperation in Nepal's development. Asked whether the Soviet Union had agreed to withdraw its troops from Afghanistan so as to help normalise the tense situation in South Asia, the Nepalese spokesman replied "let us not go into details on the question of withdrawal", and added "we tried to understand each other and the talks went very well".

At a banquet given in his honour by the Nepalese Prime Minister, Mr Surya Bahadur Thapa, Mr Kuznetsov said, without naming the United States or China, "actions by certain imperialistic and hegemonistic forces are accelerating the arms race and whipping up tensions in various parts of the world, aggravating the international situation". The Soviet leader added that "imperialist forces whose sabrerattling became increasingly defiant, adopted new huge programmes of deploying strategic neutron and other weapons, advance doctrines of the admissibility of a limited nuclear war".

Mr Thapa from Nepal's side reaffirmed Nepal's adherence to the principles of non-alignment and said Nepa extended support to every initiative towards peace including proposals to declare the Indian Ocean and Mediterranean Sea zones of peace. Nepal's own proposal to turn Nepal into a zone o peace also stemmed from its desire t "institutionalise peace in this region an the world at large".

Mr Kuznetsov is the highest Sovie dignitary to visit Nepal in more than two decades after the Soviet President, Mr K. Voroshilov, paid a state visit in February 1960 when Nepal still had a Nepali Congress government led by Mr B. P. Koirala.

The Soviet leader's Kathmandu visit incidentally coincided with the crackdown against solidarity and declaration of state of emergency in distant Poland. It is not known if this delicate issue also figured in the two hour talk held in Mr Thapa's office between Mr Kuznetsov and him. Notwithstanding Singha Durbar's soft corner for the Kremlin, the Nepalese Government right now is in no position to disregard the Nepalese public opinion which has despite direct and indirect pulls from different quarters, remained critical of the Soviet presence in Afghanistan.

After the Soviet leader had left Kathmandu, Nepal's Finance Minister, Dr Yadav Prasad Pant, said the Russians have indicated they are willing to provide assistance in a "massive way" for industrial and hydro power projects. Dr Pant who held lengthy discussions with Victor I. Litvinenko, deputy chairman of the USSR'S state committee for external economic relations, said Moscow would be sending a team of experts to Kathmandu in February to make a final decision on which projects would be supported in Nepal.

Meanwhile the Soviet President, Mr Leonid Brezhnev, has invited King Birendra to visit the Soviet Union. The invitation is said to have been conveyed by Mr Kuznetsov who had brought a message from Mr Brezhnev.

A joint statement issued after the visit of Mr Kuznestov said that the two countries "affirmed their desire to further strengthen relations of friendship and cooperation between them". The statement added that interest was expressed in expanding mutually beneficial trade and economic cooperation. The two sides stressed the significance of contacts at all levels and declared their willingness promote actively exchange of high-l visits between the two countries.

The statement said Nepal and the iet Union expressed satisfaction with results of the discussions and believ-hat they had made useful contribution the cause of strengthening mutual derstanding for the development of ations of friendship and cooperation ween the two countries.

The statement pointedly said that th the countries expressed concern at worsening international situation and oke in favour of a relaxation of world nsion and settlement of conflicts by aceful means.

They expressed firm conviction that l states, big and small irrespective of eir socio-political system, must unite to event a nuclear confrontation and de-nd peace.

The Nepalese Prime Minister, Mr urya Bahadur Thapa has also been in-ited to the Soviet Union, but no date as yet been fixed.

Meanwhile the Nepalese Prime Mini-ter, Mr Surya Bahadur Thapa, appar-ntly embarrassed by bitter criticism of is alleged "non-performance" has in-tiated a number of measures to shore p the image of his Government.

As a first step, he has activated the anti-corruption bureau, named the special police, which has been investigating the misuse of government property.

Mr Thapa's belated response to his critics has been triggered by several re-cent developments. Considerable significance is being attached to two separate meetings the Nepalese monarch is reported to have had some time ago with a group of opposition leaders and certain cabinet ministers. When some opposition leaders including among others a former prime minister Tanka Prasad Acharya and former foreign minister Dr Dilli Raman Regmi are said to have suggested removal of the incumbent prime minister, the King is believed to have replied that it would not be in the interest of the Kingdom if he used his authority to dismiss a duly elected prime minister. But at a separate meeting at the royal retreat at Nagarjun the King is understood to have apprised his ministers, including Mr Thapa, of the public's disenchantment with their non-performance and given a six-month ultimatum to show results.

In the wake of the student upheavals that preceded the referendum of 1980 and the relative enthusiasm of the electorate in last year's general elections despite boycott by opposition, the Nepalese had expected a lot from the new government. But the government delivered neither economic prosperity nor political stability. In fact the most surprising aspect of the outcry against the Thapa Government is that prominent and powerful personalities from within the Partyless Panchayat system like former prime ministers Dr Tulsi Giri and Mr Kirtinidhi Bista have joined in the anti-government chorus Mr Bista is reported to have said that "it was the moral responsibility of a government to resign like I did when the Secretariat building caught fire, if it cannot deliver the goods".

As in neighbouring India or Pakistan corruption figures perhaps more prominently than any other issue in the Kingdom's politics. Kathmandu's walls were covered with posters last month after the discovery that the Government had allowed the import of low-grade palm oil reported to be hazardous to health which was allegedly sold in the Kathmandu Valley mixed with locally consumed mustard oil. While Pasupati Rama, government's foremost critic in the Rashtriya Panchayat, charged that the corruption has been under Thapa's government institutionalised vernacular paper *Dainik Nepal* and *Nepal Times* charged the government with not safeguarding the interest of the public. The hue and cry forced the government to send a team abroad to test the purity of the oil in question.

Other actions initiated include sending out special inspection teams to various parts of the country to ensure that some 15,000 district and village-level projects are implemented according to plans and that funds for their implementation are made available to the executing agency. But above all, apart from the political question, the biggest challenge to the Prime Minister is the administrative machinery, where corruption is stated to be rampant.

Newspaper reports indicate that the Prime Minister and his colleagues are determined to prove to the people that they are earnest in working for the welfare of the people. But all impartial observers in the Nepalese capital agree that it is a difficult task, because of the laxity shown by the Government during the past. But the Nepalese Prime Minister is known to be a capable and firm administrator and it is quite possible that he might be able to turn the scales in his favour and motivate the administration to better performance.

A series of meetings are now under way in various ministries on how best to solve the problems facing them and how to complete projects assigned to them. These meetings are expected to become "more serious".

PAKISTAN
NEPAL
INDIA
BURMA
BANGLADESH
SRI LANKA
MALDIVE ISLANDS
SOUTH ASIA REVIEW

The Prime Minister, Mr Thapa, speaking at the foundation-laying ceremony of a Chinese-aided project in Pokhara some weeks ago spoke of the need for the administrative machinery to become "bold, honest, firm and disciplined" to tackle the kingdom's problems successfully. He left no doubt that he would not hesitate to take firm action against any erring officials. Observers are agreed that the Prime Minister can gear up the administration and root out corruption among officials. It would be his greatest single achievement even greater, some think, than his holding of the national referendum in May 1980 and the general election in May this year.

READ

COMMERCE PAMPHLETS

Pamphlet No. 164

Planning for Small Towns for Balanced Regional Development

By U. C. Mallick

Pamphlet No. 165

India's Balance of Payments in the Eighties

By V. G. Pendharkar

Pamphlet No. 166

Bio-gas Technology—Alternative Source of Energy for Rural Areas

By A. R. Patel

Annual subscription Rs 50

COMMERCE PUBLICATIONS LIMITED

Manek Mahal, 6th floor,
90, Veer Nariman Road,
Bombay-400 020.

Special Reports

Stronger India-EEC ties

BOMBAY

THE EEC firmly believes in freedom of trade and would resist the protectionist attitude as also try to prevent disruption of trade, said Mr Wilhelm Haferkamp, vice-president of the Commission of the European Economic Communities (EEC) for External Relations, in his speech at the concluding session of the seminar on "Problems and Prospects of Indo-EEC Relations" jointly organised by the Commission of EEC, Brussels, and The Indian Merchants' Chamber in Bombay last week.

The EEC wants to strengthen the General Agreement of Trade and Tariff (GATT) and improve the situation in the world for trade. Through this seminar and the other three to be held at New Delhi, Calcutta and Madras later this month the Commission of the EEC is reinforcing the possibilities of greater cooperation with India and would like to know the views of the people on policies and agreements of the EEC. The Commission would also look into the simplification of rules and the whole set up of Generalised System of Preferences (GSP) so that the beneficiary countries could take maximum advantage. For improving the trade between EEC and India, Mr Haferkamp felt that the Indian Trade Centre, set up in Brussels in February 1980, and the Commission's delegation, to be established in New Delhi, this year could play an important role.

Within its democratic set-up and liberal policies India has shown how development could take place, according to Mr Luigi Boselli, Head of Division, External Relations of the Commission of EEC. Delivering the key-note address at the seminar, Mr Boselli pointed out that the very fact that the EEC had sent the largest ever delegation in its history to India showed the importance attached to relations with India and that the EEC had recognised India's remarkable success in technology and diversification of its industrial base.

The new India-EEC Commercial and Economic Agreement, which was signed on June 23, 1981, would go a long way in establishing deeper relations with India. The new agreement called for a whole range of commercial and economic endeavour (including transfer of technology, industrial cooperation, promotion of investment, etc) unlike the earlier agreement which limited economic cooperation to only trade matters. To make the new agreement successful, Mr Boselli called upon businessmen, industrialists and others in the private sector for their active participation and involvement. Mr Boselli said that the EEC accounted for more than 20 per cent of the world trade (excluding intra-Community trade). In 1980, more than 45 per cent of EEC imports were at zero duty, while the bulk of the tariff imposed ranged between 5-10 per cent. The EEC bought nearly 50 per cent of the world's sales and about 20 per cent of the EEC's domestic product was devoted to exports.

Speaking on the EEC's Generalised System of Preferences (GSP), Mr Heinz Helmert, Principal Administrator, Directorate General, External Relations, EEC, said that under this scheme, which was introduced in 1971, industrialised countries allowed most kinds of finished and semi-finished industrial products (including textiles) and a number of processed agricultural products from developing countries to enter their markets at preferential rates of import duty *i.e.* at rates lower than those applied to imports from traditional suppliers in other ind trialised countries. For industrial go the preference consisted of a total s pension of customs duty. In the case certain products of varying degrees sensitivity, limits to quantities that mi enjoy this preference in any one y were fixed. Once an exporting coun reached the percentage known as "maximum amount per country" duty was reintroduced on further impo of the product.

For the agricultural products, p ferences in most cases consisted of a duction in duties rather than their to suspension with no limits on the qua tities eligible for preferential access. Helmert further noted that the GSP w remodelled in 1981, after making a 1 year evaluation of the scheme. The ma features of the new scheme included (i) maintenance of the GSP at least u til 1990, (ii) the regime applicable to i dustrial products substantially altered simplify the scheme, (iii) the four cat gories of more or less sensitive produc reduced to two, (iv) global ceilings ar quotas replaced by individual prefere tial amounts for each product and f each beneficiary country and (v) the GS scheme for textiles introduced in 198 (*i.e.* Multifibre Arrangement) maintaine

With the bulk of its exports to th EEC consisting of textiles India ha been benefited by the GSP, Mr Helme observed.

Tariff preferences in themselves ar not enough and exports, especially c new items, should be promoted vigor ously. The Community operates a pro gramme of technical and financial hel which seeks to help developing countrie undertake trade promotion. Mr Gabric Lee, Head of Trade Promotion Divisio Directorate General, Development, EEC who put forward this aspect of EEC's function, said that the EEC offered a wide range of assistance from product development to distribution and a country could choose from any of the specialised services according to its need.

In her welcome speech, Mrs Sharayu Daftari, president of IMC, put forward some suggestions to promote export of Indian products to EEC. The major ones included: (i) reduction in duty on Indian products to a reasonable level as compared with duty on similar products

Bombay spot exchange rates of currencies as on 25-1-82

(Currency units per Rs 100)

Country	Currency	Selling T.T.D.D.	Buying T.T.clean
Australia	A. $	9.725	9 960
Austria	A Schilling	174 00	178.10
Belgium	B. Franc	424 50	434 50
Canada	C. $	12 890	13.175
Denmark	D. Kroner	81.45	83 30
France	Franc	63 65	65 15
Hong Kong	H.K. $	62 70	64 20
Italy	Lira	13.360	13.670
Japan	Yen	2463	2515
Malaysia	M. $	NA	NA
Netherlands	Guilder	27 35	27 95
Norway	N. Kroner	63 30	64 80
Singapore	S. $	NA	NA
Sweden	S. Kronor	60 60	61 10
Switzerland	S. Franc	20 05	20 48
UK	£	5 8245	5 8645
USA	$	10.835	10.945
West Germany	D. M.	25.03	25 57

NOTE: NA-indicates Note available

SOURCE: Syndicate Bank. Foreign Exchange Division, Bombay.

other developing countries, (ii) esta- ment of heavily subsidised ware- es in Europe for Indian exporters, exploring the possibilities of setting f Indo-EEC joint ventures in third tries, (iv) trading concessions accord- o 52 developing nations under "Lome vention" be extended to India and ecognised Chambers of Commerce be wed to issue certificates of origin for ian products.

However, if the purpose of the inars which the EEC has organised as stated by Mr Boselli, to secure active participation of private Indian industrialists and businessmen in the implementation of the new Commercial and Co-operation agreement, the Bombay seminar, in the opinion of observers, failed to serve the purpose. Indian participants at the seminar seemed to plead with the EEC officias to help them in getting their problems with New Delhi in trade solved rather than helping the EEC officials in understanding how industry and business could actively promote the objective of commercial and economic co-operation.

Gold and silver board mooted

BOMBAY

THE Gold Control Act—the extent to which it has succeeded in its primary jective of limiting the use of gold and ld jewellery, changes required in the w, and other problems of India's bul- on trade were discussed at a seminar problems of precious metals organised the Bombay Bullion Association imited and the Greater Bombay Jewel- rs and Bullion Dealers Association. The roblem of inflows of gold into the coun- y, and outflows of silver and the effect f the steep rise in sales tax in Maha- ashtra on the bullion trade in the state ere also featured in the discussions.

Mr Shantilal Sonawala, president of he Bombay Bullion Association said, he gold control administration should lay a positive role in assisting the trade o find its rightful place in the Indian conomy rather than act as a police force. The administration's role of vigilance against smuggling is one of the many tasks before it. One of the trade's main problems is that there is a shortfall of gold supply against a constant demand for gold ornaments. The shortfall has to be met mainly by recycling old ornaments. Here again, there is a problem. The mint which has the sole right to convert old ornaments into standard bars after an interval of about a week hampers the free flow of old ornaments. It thus discourages conversion at the mint and encourages conversion elsewhere. There is a need for more refineries to convert the old metal.

Mr Amratlal G. Sonawala said, there is a regular shortfall in the domestic supply of gold varying between 25 to 40 tonnes depending upon the year s agricultural harvests. Against an estimated annual demand of about 75 to 80 tonnes for making new ornaments, the supply of recycled gold is 40 to 45 tonnes. The gap between supply and demand has widened the difference between the domestic and international price of gold.

The silver supply situation in India is different. There are considerable stocks of silver privately hoarded in the country. About 1,200 to 1,400 tonnes of silver flow annually to the market for sale against a domestic demand of 600 to 800 tonnes for jewellery, utensils and other industrial uses. The excess supply of silver and shortfall of gold are responsible for unofficial imports of gold and unofficial exports of silver. One way of solving the problem would be for the government to buy the silver entering the market and sell it abroad. It could use these funds to buy gold in world markets, to use either as reserves or for release in the domestic market. He suggested that the Government set up a high-powered gold and silver board for the purpose.

Alternatively, Mr Sonawala suggested the Government issue silver bonds to those who wish to sell the silver in their possession. The bonds should be made transferable, quoted on the stock exchange and eligible for giving loans against. The Government should also permit the State Bank of India to give loans against the pledge of silver. This would reduce the gap between supply and demand of silver. Similarly, a policy decision by the Government to allow free exports of value added items of silver and silver chemicals would stabilise supplies in the market.

Mr Arvind Zaveri, secretary of the Greater Bombay Jewellers and Bullion Dealers Association, questioned the rationale and success of the Government's gold control policy, which has not weaned people away from gold or regulated its supply. On the contrary, the demand for gold ornaments is on the increase and smuggled gold now meets more than half of India's annual requirements of gold.

Describing the Gold Control Act as an instrument of harassment and corruption, Mr Zaveri said, the Government has not made an honest effort to estimate the minimum demand for gold in India. He alleged that instead of curbing the smuggling of gold, the gold control department was making seizures of

Retail prices of essential commodities in Bombay

Compiled by Commerce Research Bureau

Item	Quality	Rs per kg				Percentage variation on Jan 22, 1982 over		
		Jan. 22, 1982	Jan. 15, 1982	Dec. 25, 1981	Jan. 23, 1981	A week ago	A month ago	A Year ago
Rice	Average	3.80	3.80	3.80	3.00	—	—	26.7
Wheat	Average	3.90	3.90	3.90	2.80	—	—	39.3
Jowar	Average	2.50	2.50	2.30	2.20	—	8.7	13.6
Bajra	Average	2.50	2.50	2.30	2.20	—	8.7	13.6
Gram dal	Average	6.00	6.00	6.00	6.40	—	—	—6.3
Tur dul	Average	6.50	6.50	6.00	6.50	—	8.3	—
Potatoes	Average	2.00	2.00	2.00	2.00	—	—	—
Onions	Average	1.50	1.50	2.50	1.20	—	—40.0	25.0
Milk per litre	Buffalo	5 00	5.00	5.00	4.30	—	—	16.3
Tea	Average	24.00	23.00	23.00	24.00	4.3	—4.3	—
Coffee	Average	17.50	17.50	17.50	16.50	—	—	6.1
Kerosene per litre ..	—	1.66	1.66	1.66	1.49	—	—	11.4
Bread (400 gm)	—	1.55	1.55	1.55	1.40	—	—	10.7
Sugar	Average	6.20	6.40	6.00	7.20	—3.1	3.3	—13.9
Gur	Average	5.00	5.00	5.00	5.00	—	—	—
Groundnut oil	Average	14.50	15.00	14.50	13.00	—3.3	—	11.5
Vanaspati	Average	15.00	15.00	15.00	—	—	—	—
Toilet soap	—	1.95	1.95	1.95	1.90	—	—	2.6
Exercise book .. .. (200 pages)	—	2.50	2.50	2.50	—	—	—	—

gold ornaments on technical and flimsy grounds.

Reviewing the working of gold control in India, Mr Vadilal Dagli, editor, *Commerce* and the chairman of the Committee on Controls and Subsidies set up by the Janata Government, made the point that gold has no productive role in the economy and all expenditure on gold is non-productive. He referred to the recommendations of the Committee on Controls and Subsidies, which submitted its report in 1979 and expressed the view that the people's craving for ornaments could be met, while keeping the demand for gold under control, by introducing a ban on the fabrication of jewellery of more than 18 carat gold. The ideal would be to have only 14 carat gold ornaments.

The Gold Policy Review Committee, headed by Dr I. G. Patel, Governor, Reserve Bank of India also supported in principle, the re-introduction of 18 or 14 carat gold jewellery by stages. This would close the loophole which the prevalence of 22 carat jewellery today provides for holding smuggled gold.

Mr Dagli suggested two other modifications in the Gold Control Act. The limit on gold holdings by an individual should be lowered from 2,000 gms to 1,000 gms and family holdings from 4,000 gms to 2,000 gms. He said, hall marking required under the Gold Control Act was not implemented universally. There were instances of 20 carat gold being sold as 22 carat gold. Hall marking should be enforced by an independent body. It would enhance the reputation of Indian goods in world markets.

To assist Indian jewellery exports, he suggested that the Government give a subsidy in the form of liberal bank credit with low interest rates and a 12 year maturity period, for the import of equipment required to make ornaments of 14 carat gold. A training institute should also be set up to give training to the younger generation of goldsmiths in using the equipment.

Dr Hannan Ezekiel, editor, *The Economic Times*, advocated free imports of gold to make export goods, as was done in the case of diamonds and leather. There was tremendous scope for gold and silver jewellery exports to international markets.

Mr Amratlal G. Sonawala dwelt on the harmful effects on the trade of the rise in sales tax on gold and silver in Maharashtra from ½ per cent to 2 per cent. As a result, a major part of the trade will migrate to other states where the sales tax rate is ½ per cent or nil. The artisans employed in the state and workers employed in refineries will be adversely affected and inter-state trade will be cut drastically. Bombay traders will soon be eliminated because outside traders now send their ornaments to the mint for conversion, but prefer to effect their sales of the standard gold outside Maharashtra.

Mr Timothy Green, an international expert on gold and consultant to Consolidated Gold Fields, London said, today India is less important in the world gold market because only 20 to 30 tonnes of gold arrived in the country last year against about 200 tonnes of gold smuggled into India, 10 years ago. But the cost of gold smuggled into the country has remained the same — 270 million dollars for the 200 tonnes smuggled in 1970 and 300 million dollars for the 20 to 30 tonnes smuggled in last year.

He said, India is one of the few countries with strict regulations on gold. Regulations in countries like the US and Britain had been relaxed. India must, therefore, find some formula for gold supply to ensure competitive exports of jewellery.

Reviewing world gold production and trading in 1981, he said, there was a slightly higher level of gold production with new mines in the US and Canada and there was substantial trading in gold with the Soviet Union selling 200 to 250 tonnes of gold because of a deterioration in its balance of payments position.

Miss Louse Du Boulay, a silver expert from the Consolidated Gold Fields, London said, there was a deficit betwe mine supply and consumption of 4,000 5,000 tonnes of silver a year. Demone sed coins thus prove a large source supply to the market. The silver defic has to be met by recycling.

Mr Narbheram V. Minawala aske for more incentives to the gold jewelle industry. He suggested that the export gem studded gold jewellery be permitte on an unrestricted basis if the gold cor tent in the jewellery is 40 per cent or les instead of the present 10 per cent. Th gold jewellery export replenishment sche me should be reintroduced with som modifications. He also asked for change in the scheme sponsored by the Hand crafts and Handloom Export Corporatio for jewellery exports. The commissior charged by the corporation on the f.o.b value of exports should be reduced fron 3-4 per cent to 1 per cent. Imported golc should be released to the exporter afte conversion into standard bars, so tha imported gold is used in the manufacture of jewellery. Under the HHEC scheme gold is replenished only after exports are effected. A legal undertaking should also be accepted from the exporter in lieu of a bank guarantee so that there is no unnecessary financial burden on the exporter.

LIC's higher bonus to policyholders

BOMBAY

RESULTS of the thirteenth valuation of its assets and liabilities declared by the Life Insurance Corporation of India on January 27 have come in as a pleasant surprise to policyholders, especially those in India. Contrary to fears of a cut in bonus (these had arisen because the LIC had declared a bonus of Rs 40 per thousand sum assured for endowment policies and Rs 50 per thousand sum assured for whole life policies in the case of UK policyholders more than four months ago and had been taking inordinately long time owing to "technical reasons" to declare bonus for Indian policyholders), the same has been actually raised by about 13 per cent compared to the bonus rates under the previous valuation on March 31, 1979. Accordingly, policyholders in India will receive Rs 35 per thousand sum assured per year on "with profit" whole life assurances and Rs 28 on "with profit" endowment policies. The rates under previous valuation were, respectively, Rs 31 and Rs 24.80.

Announcing the results, the chairman, Mr J. R. Joshi, said that the valuation revealed a surplus of Rs 518.77 crores, out of which nearly 95 per cent *i.e.* Rs 492.83 crores was allocated to the participating policies and the balance was reserved for the Central Government. Business on UK and Fiji registers was valued separately. According to Mr

Unofficial foreign currency rates in Hongkong

(Hongkong $ as on Jan. 22, 1982)

	High	Low	T.T.
Australian $	6.55	6.42	6.5630
Belgian Franc(100)	14.00	12.50	15.075
Burmese Kyat(100)	25.00	15.00	
Canadian $	4.92	4.82	4.9425
British £	11 10	10.80	10.970
French Frane	1.01	0.98	1.0075
Indian Rupee(100)	53.00	51.00	63.15
West German DM	2.56	2.50	2.5605
Indonesian Rupiah (100)	0.88	0.83	
Italian Lira (100)	4.70	4.40	
Japanese Yen (100)	2.615	2.57	2.6065
Korean Won (100)	0.85	0.80	
Malaysian $	2.61	2.54	2.6030
Netherlands Guilder	2.34	2.28	2.3380
New Zealand $	4.90	4.65	4.8100
Pakistan Rupee (100)	4.30	3.80	5.925
Philippine Peso	0.69	0.66	0.7205
Singapore $	2.85	2.79	2.8530
South African Rand	5.70	5.50	6.1020
Sri Lanka Rupee (100)	30.00	22.00	
Swiss Franc	3.18	3.11	3.1835
Taiwan $ (100)	14.70	14.50	
Thailand Baht (100)	25.50	25.00	

hi, total number of individual assur-es as on March 31, 1981 was 2.28 res as against 2.12 crores two years ier, while the number of group as-ance members reached 63,95,743 der 8,537 schemes as against 55,90,020 der 6,504 schemes previously. The m assured and bonus thereunder in-ding group business rose to Rs 27,923 ores from Rs 22,590 crores. Life fund on March 31, 1981 was Rs 6,607 cro-s as against Rs 5,090 crores two years rlier.

Incidentally bonus rates declared w are the highest ever so far. Bonus clared on participating policies of erst-hile insurers continues to be in accord-ce with the existing regulations. Poli-ies maturing or resulting into death etween January 1, 1982 and December 1, 1983 will receive interim bonus at the ew rates.

Mr Joshi said that it had become ossible to declare higher bonuses be-ause of improvement in interest yield nd reduction in expense ratios. He ex-ected higher rates of bonus to be main-ained in future if the present favourable rend continued.

The worth of 'sugar-coated' debentures

Concluded from page 190

quired added significance in the present context when inflation is threatening to erode all forms of investments.

Future profitability of companies

However, the ability of the companies to reward the debentureholders-turned shareholders with bonus issues and enhanced dividends will depend on the future profitability of the companies, the determination of which is the central theme of the forward looking investment analysis preceding the decision to invest in 'sugar-coated' debentures. This task is to a large extent handicapped by the non-availability of the requisite data in respect of the companies which are offering the debentures. The prospective investors would be highly benefited if the companies could give the projected earnings resulting from the expansion and diversification plans for a reasonable length of time, say, the maturity period of the debentures. Who else other than the business and financial planners in companies are competent to compute them? And who else other than the managers of public issues are in a better position to persuade the companies to furnish them?

INDIAN ECONOMY: BASIC INDICATORS

By Commerce Research Bureau

WEEKLY INDICATORS

Wholesale Price Index (1970-71=100)

	During the week ended				Percentage variation			
	Jan. 1 1982	Dec. 26 1981	Dec. 5 1981	Jan. 3 1981	Over a week	Over a month	Over a year	Over two years
Manufactured products	262.6	261.5	262.1	254.5	0.4	0.2	3.2	16.5
Primary articles	265.2	263.1	263.9	246.1	0.8	0.5	7.8	22.4
Fuel, power, lubricants etc.	437.5	437.5	437.5	358.4	—	—	22.1	48.1
All commodities	278.5	277.1	277.7	259.8	0.5	0.3	7.2	22.3

Money and Banking

	During the week ended				Percentage variation			
	Jan. 8 1982	Jan. 1 1982	Dec. 11 1981	Jan. 9 1981	Over a week	Over a month	Over a year	Over two years
Money supply (M3) (b) ..	61,810(a)	61,606	60,603	53,591(a)	0.3	2.0	15.3	35.9
Bank credit	29,602	29,567	28,411	24,549	0.1	4.2	20.6	40.2
Aggregate deposits ..	43,915	43,954	42,452	36,997	—0.1	3.4	18.7	41.4
Foreign exchange reserves(a)	3,843	3,940	4,164	5,249	—2.5	—7.7	26.8	33.6

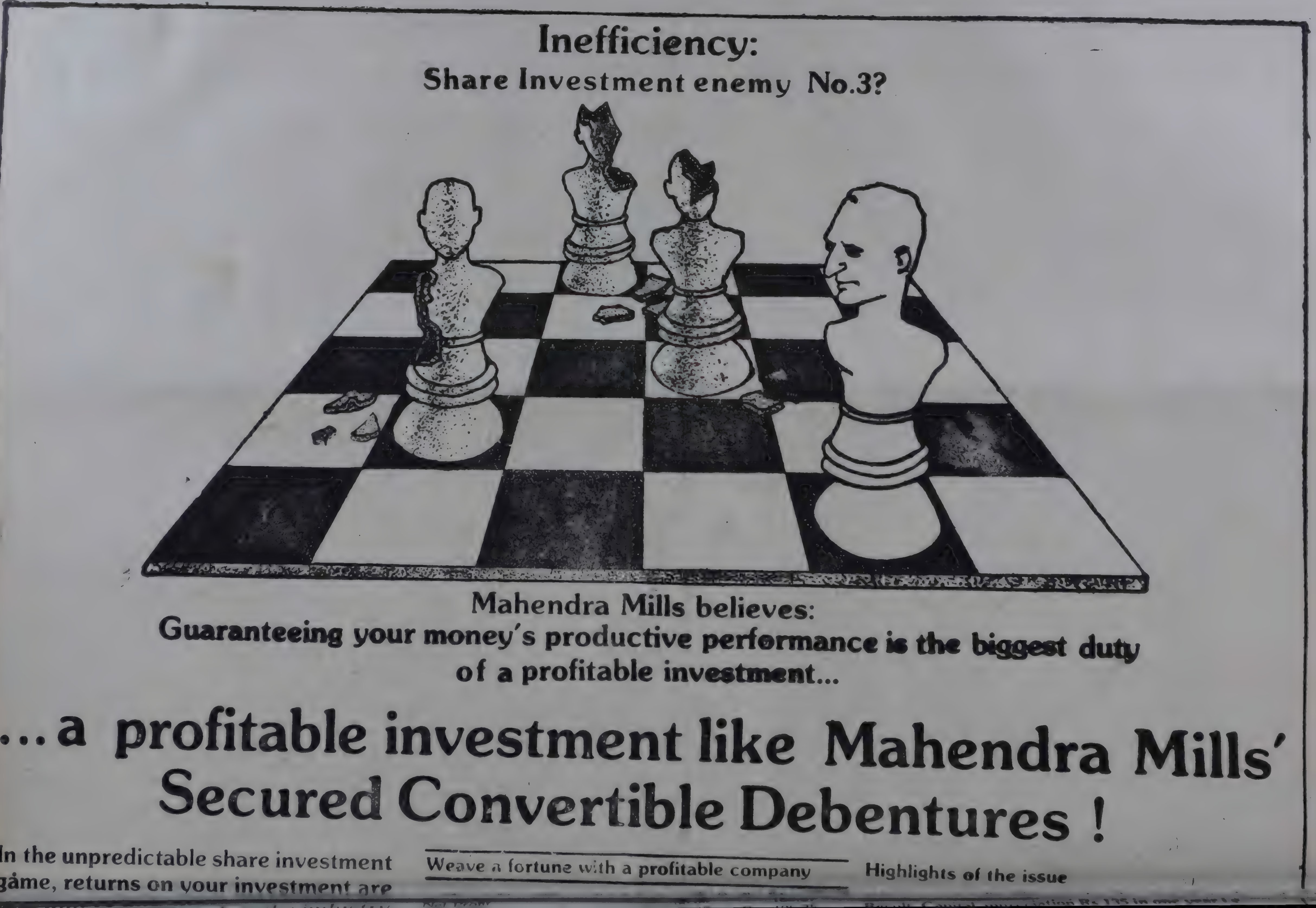
MONTHLY INDICATORS

	Latest month			Previous month	Percentage variation over previous month	Recent trend(c) (Per cent)
	Unit	Month	Amount/ Index			
Industrial production (crude Index)	1970=100	Nov. 1981	159.0	153.4	3.7	9.4
Exports	Rs. crores	Sept. 1981	456	464(e)	—1.7	1.2
Imports	Rs crores	Sept. 1981	567	941(e)	—39.7	—11.3
Trade balance	Rs crores	Sept. 1981	—111	—477(e)	—	—
Foreign exchange reserves (a)	Rs crores	Dec. 1981	3,940	3,922	0.5	—18.4
Wholesale price Index ..	1970-71=100	Dec. 1981	277.3	279.8	—0.9	10.8
Consumer price Index for Industrial workers ..	1960=100	Nov. 1981	462	460	0.4	13.5
Unemployment(d)	Lakhs	Aug. 1981	171.6	170.1	0.9	9.6

ANNUAL INDICATORS

	Unit	1980-81	1979-80	1973-74	Percentage variation in 1980-81 over 1979-80	Annual rate of growth between 1973-74 and 1980-81
Real national Income ..	1970-71=100	136.6(a)	126.7	105.1	7.8	3.8
Real per capita Income ..	1970-71=100	110.9(a)	104.8	98.1	5.8	1.8
Agricultural production	Triennium ending 1969-70=100	132.4	116.5	112.4	13.6	2.4
Foodgrains production ..	Million tonnes	130	110	105.0	18.2	3.1
Industrial production ..	1970=100	154.4	148.1	112.6	4.2	4.6
Exports	Rs crores	6,705	6,459	2,523	3.8	15.0
Imports	Rs crores	12,330	9,022	2,955	36.7	22.6
Trade balance	Rs crores	—5,535	—2,449	—432	—	—
Foreign exchange reserves*	Rs crores	5,316	5,706	764	—6.8	31.9
Money supply (M3) (b) ..*	Rs crores	55,314	46,792	17,571	18.2	17.8
Bank credit	Rs crores	25,270	21,537	7,339	17.3	19.3
Aggregate deposits ..	Rs crores	37,847	31,759	10,139	19.2	20.7
Wholesale prices (average)	1970-71=100	256.6	217.6	139.7	17.9	9.1
Consumer price Index for industrial workers*	1960=100	420	373	275	12.6	6.2
Unemployment(d)** ..	Lakhs	162	143	82	13.3	10.2

Notes: (a) Estimated by Commerce Research Bureau (b) Includes currency with the public, deposit money of the public and time deposits with banks (c) Figures indicate percentage change during the current fiscal year up to the latest month indicated as compared with the corresponding period in the preceding fiscal year d) Data relate to number of jobseekers on the live register of employment exchange. (e) Indicates figure for June 1981. * Financial year-end data. ** Calendar year-end data (..) = Not available



Inefficiency:

Share Investment enemy No.3?

Mahendra Mills believes:
Guaranteeing your money's productive performance is the biggest duty of a profitable investment...

...a profitable investment like Mahendra Mills' Secured Convertible Debentures !

In the unpredictable share investment game, returns on your investment are

Weave a fortune with a profitable company

Highlights of the issue

money. Particularly when the industry in general faces a crisis, and your past gains could get checkmated.

Mahendra Mills' sustained efficient performance (net profit increased 82% this year) sometimes despite overall adverse conditions is proof positive of guaranteed handsome returns on your investment. Every year.

The facts and figures speak for themselves:

During 1965-68, Mahendra Mills invested Rs.640 lakhs in productive technology, which in 1973-74 resulted in :

	1964-65	1973-74
	(Rs. in lakhs)	
Turnover	288.15	957.72
Gross Profit	35.95	255.09
Net Profit	7.38	209.82

In fact, in 1973-74 the Company's profit was the highest in the country.

In the mid-seventies, Rs.600 lakhs was invested in technology of the eighties, increasing spinning capacity by 9%, weaving capacity by 33% and complete modernisation of production processes.

In 1980-81, this far-sighted approach paid rich dividends, Both to the company as well as investors.

Earning per Equity share	Rs. 18.48	Rs. 105.35
Net Worth per Equity share	Rs. 186.57	Rs. 334.00
Equity Dividend @.	Rs. 10/-	Rs. 16/-

The Company proposes to invest Rs.800 lakhs in installation of additional 20,000 spindles, purchase of 100 Ruti Air Jet Shuttleless Looms, complete renovation of Unit No. 1 under Soft Loan Scheme Phase II and installation of a texturised plant.

This is what the Company hopes to achieve in the next three years,

	(figures and Rs. in lakhs)	
(1)Increase in production	**80-81**	**84-85**
Cloth (mts)	123.87	197.50
Yarn (Kgs)	10.49	11.50
Texturised Yarn(Kg)	–	1.68
(2)Increase in profitability	**80-81**	**84-85**
Turnover	2128.88	4000.00
Gross Profit	301.29	441.00
Net Profit	233.97	310.00

Steady growth in turnover and profits, plus yearly increases in dividends and capital appreciation make Mahendra Mills Secured Convertible Debentures **an opportunity you shouldn't miss**

108%.

Interest: 13.5% p.a. plus additional 1% linked with Dividend.

Bonus: Entitled to receive Bonus in the same proportion issued to Equity Shareholders. Company has proposed a bonus issue of 1:3 shares for 1980-81. Effective cost of conversion will be below par.

Security: Fully secured

Liquidity: Debentures will be listed on Ahmedabad and Bombay Stock Exchanges.

Buy-back clause. Debentures may be repurchased at par to a certain limit after end of third year.

Managing Brokers to the Issue :

Gordhandas N. Gupta

Anandji Kalyanji Building, Opp. Dhanasuthar Pole,

Relief Road, AHMEDABAD-380 001

Come Let's WEAVE A FORTUNE Together

THE MAHENDRA MILLS LTD.

Mahendra KALOL (N.G.)

ISSUE OPENS ON 16TH FEBRUARY, 1982

Issue of 3,00,000, 13½% Secured Convertible Debentures of Rs. 100 each for cash at par.

Sugam/MMC/4/82

CROP AND COMMODITY SURVEY: DECEMBER 1981

Rains brighten rabi prospects

By **COMMERCE RESEARCH BUREAU**

WIDESPREAD rains in the first week of January in the major rabi States of Punjab, Haryana, Rajasthan, Himachal Pradesh and Jammu and Kashmir have benefited not only the wheat crop but also gram, barley and mustard crops.

Rice procurement during the current kharif marketing season (November-October) was 5.2 million tonnes till January 5, 1982 which was 33 per cent more than the procurement in the corresponding period last season.

The foodgrain stocks as at the end of the year 1981 were 13 million tonnes comprising 5.4 million tonnes of wheat and 7.6 million tonnes of rice as against 11.8 million tonnes comprising 5 million tonnes of wheat and 6.8 million tonnes of rice on the corresponding date last year. Even then the Union Government did not completely rule out the possibility of more wheat imports. The latest monthly 'food outlook' report of the Food and Agricultural Organisation (FAO) indicated that India was expected to import three million tonnes of wheat this year.

A severe cyclone hit West Bengal and Orissa during December causing widespread damage to crops as also to human life. 250 deaths were reported from West Bengal as a result of the cyclone. The State Government requested for Rs 60 crores as Central assistance for relief measures.

Severe cold wave during the month in the north and north-eastern parts of the country took a heavy toll of human lives. 110 deaths were reported while ground frost damaged standing crops in several States.

Parliament passed the National Bank for Agricultural and Rural Development (NABARD) Bill, which aimed at providing assistance to small and marginal farmers and other weaker sections in rural areas. The Bank expected to be launched on July 1, 1982. It will be the largest apex institution with a considerably widened resource base to promote all activities aimed at providing rural employment and development.

The Maharashtra State Cooperative Marketing Federation (MSCMF) procured 18 lakh quintals of kapas (3.6 lakh bales) up to December 28, 1981 in the Vidarbha region. The MSCMF expected to procure about 10.5 lakh bales during the current cotton season as against the estimated production of 14 lakh bales of cotton in the State. In the absence of the Centre's decision on upward revision of kapas prices for the state the Federation was carrying out the procurement at last year's prices only on the understanding that in case of upward revision the grower would be paid the balance.

The Union Government proposed to set up a commodity board for research, development, production and processing of oilseeds and oils.

The following paragraphs present the Statewise and cropwise position for the month of December 1981.

ANDHRA PRADESH

Procurement of rice during the current kharif marketing season (November 1981 to October 1982) amounted to four lakh tonnes till December-end as against the target of 10 lakh tonnes. The total procurement last season was seven lakh tonnes.

Rice exports from the State during 1980-81 totalled 60,000 tonnes. The last consignment of 12,000 tonnes to the Soviet Union was despatched on December 26, 1981.

To streamline the public distribution system, the State Government floated two corporations viz Andhra Pradesh Civil Supplies Corporation and Andhra Pradesh Essential Commodities Corporation.

The State tobacco growers demanded that the auction floor scheme for marketing of flue cured Virginia tobacco to be introduced next year should be first implemented in West Godavari district instead of in the State of Karnataka as planned.

The Girijan Co-operative Corporation, an organisation looking after the welfare of tribals stepped in to purchase cotton from the tribal cultivators in Utnoor taluk of Adilabad district.

ASSAM

The agricultural situation in the State had improved and during 1981-82 foodgrains production was expected to reach a new high of 28 lakh tonnes despite drought conditions in certain pockets in the State. Some of the factors contributing to higher foodgrains production were; (i) increase in the consumption of fertilisers from 9,300 tonnes in 1980-81 to 14,000 tonnes in 1981-82 and provision of short term credit of Rs 3.5 crores for fertilisers by the Union Government as against rupees one crore in 1979-80; (ii) increase in the number of mini-kits of new varieties of paddy from 10,000 to 70,000 and (iii) provision of full subsidy on improved variety of paddy at the rate of Rs 100 for quintal by the Union Government.

According to the Chairman of the Assam branch of the Indian Tea Association the tea industry in the State was passing through a critical phase and all developmental activities had come to a standstill. This was due to rising cost of production and gradual decline in the price of the product.

As a measure of price support operation for jute, the Jute Corporation of India (JCI) had set up 20 purchase centres in the State while seven centres were set up by Cooperatives. As a result there was a considerable stability in jute prices in the State this year.

BIHAR

The cold wave that swept the State claimed 70 lives till December-end.

Cane growers in Bihar totalling two million protested against the low price of sugarcane fixed by the State Government and as a result four sugar mills in the State were forced to close down. The Bihar Cane Growers Association demanded Rs 35 per quintal for sugarcane as against Rs 20.5 per quintal fixed by the State Government. It also demanded the payment of arrears forthwith.

In order to alleviate the distress of cane growers in Bhagalpur district the State Government advised the State Sugar Corporation to buy as much cane from them as possible.

GUJARAT

The State decided to build a buffer stock of coarse grains for distribution to the weaker sections. The State Civil Supplies Corporation has procured about 35,000 tonnes of coarse grains against the target of 50,000 tonnes.

The State requested the Union Government to allocate about one lakh tonnes of palmolein oil for distribution through fair price shops during 1981-82.

During the current oil season the State decided not to collect any levy on groundnut or groundnut oil from cultivators or from millers. The State Government also decided to build enough buffer stock of groundnut oil for distribution to the weaker sections of the society through fair price shops at reasonable rates during the lean months.

The sales tax on inter-State despatch of groundnut and other oils was reduced from two per cent to one per cent with effect from December 21, 1981.

The State Government promulgated an ordinance amending the sales tax act providing for levy of tax on purchase, instead of sales, of oilcakes to prevent evasion of tax on oilcake deals.

The Gujarat State Cooperative Cotton Marketing Federation (GSCCMF) commenced purchase of kapas during the current season at various purchase centres and proposed to pay a "fairly high" price to the cotton growers. The GSCCMF would need at least Rs 35 crores for effecting its estimated purchases of cotton worth Rs 58 crores this season. The State Government had recently extended an additional finance of rupees five crores as a loan for 1981-82 in addition to the revolving fund of Rs 10 crores advanced last year. The State Government assured help to the Federation by arranging for the remaining Rs 20 crores as credit from the State Co-operative Bank after obtaining the necessary permission from the Reserve Bank of India.

HARYANA

During the 1981-82 rabi season the State expected a record foodgrains output of 50.10 lakh tonnes as against 41.84 lakh tonnes last season and the target of 48.50 lakh tonnes for this year. Certified wheat seeds of over 75,000 quintals were distributed among farmers as against 72,000 quintals last year. The total area under wheat this season was 15 lakh hectares of which nine lakh hectares was sown up to November and the remaining during December.

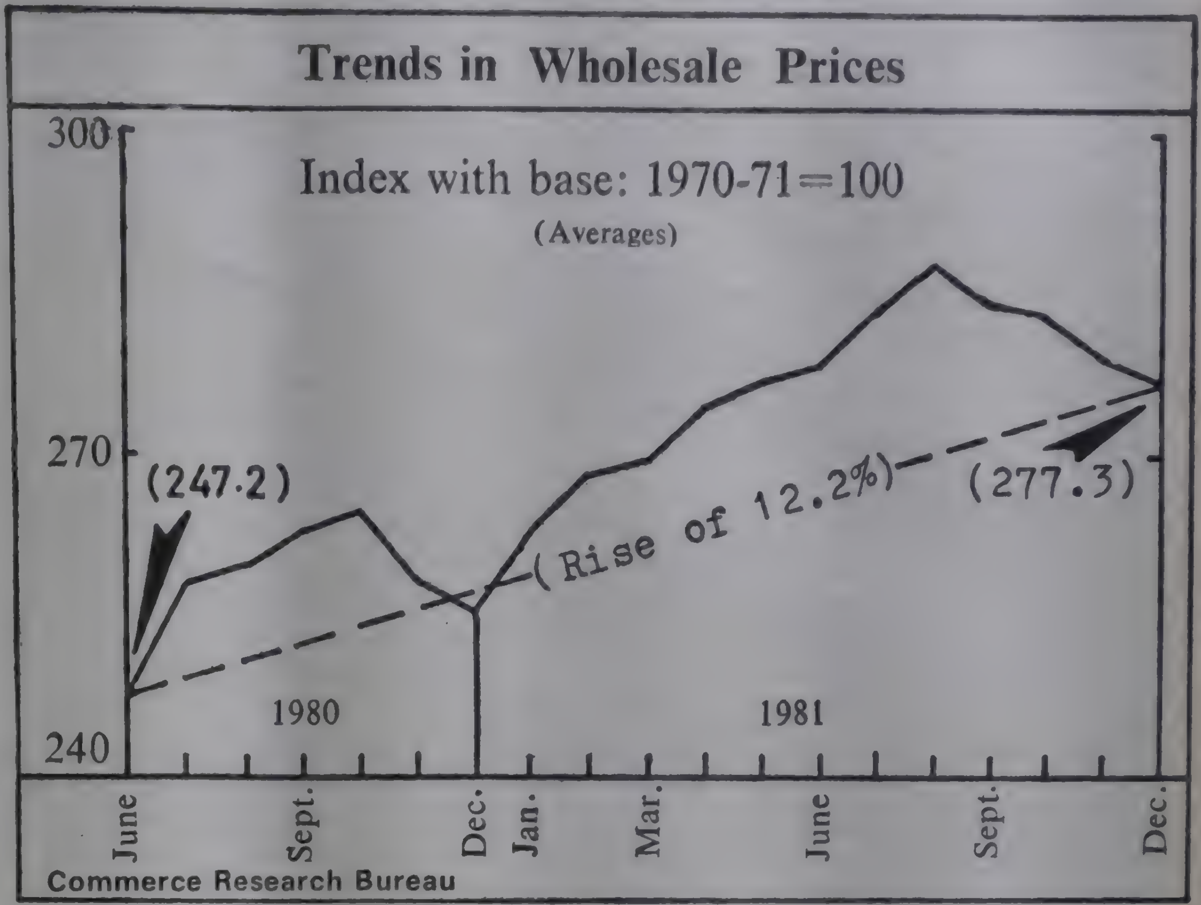
The State Government lifted restrictions on the movement of levy free rice outside the State with effect from December 8, 1981. It procured nine lakh tonnes of rice till December 28, during the current rice marketing season.

The State Food and Civil Supplies Department decided to distribute the levy sugar quota for November during December to those consumers who could not draw their quota last month.

Australia would provide equipment, advisers and training facilities for the Indo-Australian cattle breeding project at Hisar under an agreement signed on December 30. India would spend Rs 130 lakhs on the project while the Australian aid would be Rs 168 lakhs (16.8 lakh Australian dollars).

The Union Agriculture Ministry cleared an integrated pisciculture programme for Gurgaon district of the State. The programme was launched on December 25 by the Union Agriculture Minister, Rao Birendra Singh, at Damdama lake near Sohna.

A massive tree plantation drive would be launched in the State very soon



Trends in Wholesale Prices

Commerce Research Bureau

PRICES IN DECEMBER 1981

Seasonal fall continues

THE downtrend in the wholesale price index during the current financial year continued during December 1981 for the fourth month in succession. At 277.3 the index for December 1981 showed a fall of 0.9 per cent over the preceding month.

During the first nine months (April-December 1981) of the current financial year the wholesale price index was higher by 10.8 per cent over that of the corresponding period of 1980-81.

The main items contributing to the decline in the index during the month were butter, eggs, milk, fruits and vegetables, oilseeds, oils and oil cakes, gur and coarse grains.

Month		Wholesale price Index (Average) (1970-71=100)	Percentage change
1980			
November ..	..	258.4	—2.3
December ..	..	257.0	—0.5
1981			
January ..	..	262.6	+2.2
February ..	..	268.1	+2.1
March ..	..	269.5	+0.5
April ..	..	274.6	+1.9
May ..	..	276.8	+0.8
June ..	..	278.8	+0.7
July ..	..	285.6	+2.4
August ..	..	288 8	+1.1
September ..	..	284.6	—1.5
October ..	..	283.9	—0.2
November ..	..	279.8	—1.4
December ..	..	277.3	+0.9

Index numbers of wholesale prices (Base : 1970-71=100)

Group	Weight in the official index	Dec. 26, 1981	Nov. 28, 1981	Dec. 27, 1980	Percentage variation on Dec. 26, 1981 over	
					Nov. 28, 1981	Dec. 27, 1980
Manufactured products	49.9	261.5	263.6	252.8	—0.8	3.4
Food products ..	13.3	265.6	274.6	284 4	—3.3	—6.6
Paper & paper product	0.9	289.7	278.8	267.5	3.9	8.3
Leather & leather products ..	0.4	357.9	362.7	386.0	—1.3	—7 3
Rubber & rubber products ..	1.2	290.8	287.0	255.2	—1 3	13 9
Primary articles ..	41.7	263.1	264.1	241.4	—0.4	9 0
Fuel, power, light & lubricants ..	8.4	437.5	437.5	357 5	—	22 4
All commodities	100.0	277.1	278.5	256 8	—0 5	7 9

and it was proposed that 20 crore saplings would be planted during the next five years. With this end in view a Rs 33.5-crore social forestry project would be launched in the State with World Bank assistance on April 1, 1982.

Farm scientists have achieved a new breakthrough in onion production during the kharif season in the State. As a result of the successful trial experiments it would be possible for the growers to reap two onion crops in a year.

HIMACHAL PRADESH

The State would shortly export 100 tonnes of mixed fruit jam worth Rs 10 lakhs to the Soviet Union. The Himachal Pradesh Horticultural Produce Marketing and Processing Corporation would carry out the export.

The cold wave in the Spiti valley froze 2,000 bags of seed potato each weighing 50 kg. The State Government assured the farmers who suffered the loss all possible help.

The European Economic Community (EEC) and Holland would provide assistance of Rs 16.50 crores to the State for its rural water supply schemes which would cover 1,500 villages.

JAMMU AND KASHMIR

Paddy procurement in the State this season was very slow in the Kashmir valley. Procurement till December-end was only two lakh quintals as against four lakh quintals procured in Jammu. The targets fixed were six lakh quintals each for Kashmir valley and Jammu province. The reason for the slow procurement was that the State Cooperative Department which had initially offered to procure foodgrains for the first time in the Kashmir valley this season failed to do so. As a result the farmers sold bulk of the crop to consumers and dealers.

KARNATAKA

The State Government decided to pay a higher procurement price for paddy despite the Union Government's warning that higher prices would attract higher rates of interest on procurement loans from the Reserve Bank of India. It may be recalled that the State had offered Rs 10 per quintal as bonus over and above the prices — Rs 115, Rs 119 and Rs 123 per quintal for coarse, fine and superfine varieties respectively—fixed by the Centre.

The Centre reduced the State's quota of palmolein oil to 600 tonnes in December as against 2,000 to 3,000 tonnes before and 800 tonnes in November.

The cold wave in the State affected coffee plants on over 40 hectares in four villages in Chikmagalur district.

The State had sought Central assistance to the tune of rupees eight crores for flood relief work, in addition to Rs 11 crores sought for drought relief.

KERALA

The State Government submitted a memorandum to the Prime Minister urging a total ban on the import of coconut and coconut products as these had led to a steep fall in the prices of these commodities in the State.

MADHYA PRADESH

Farmers in the Malwa region of the State were agitating for 20-hour power supply for rural areas and increase in support prices of agricultural produce. They resorted to road blockade for more than ten days. After a brief lull it was again resumed on December 25. More than 2,000 agitators were arrested by the police.

More than 1,000 farmers of Kannod village in Dewas district refused to sell cotton at the support price of Rs 531 per quintal as fixed by the Cotton Corporation of India as the prices in the open market were higher in the range of Rs 560-570 per quintal.

MAHARASHTRA

The State Government requested the Centre to increase the support price for cotton, due to higher cost of production and higher open market prices in the neighbouring States. The price disparity was as much as Rs 100 per quintal for a particular variety. In the absence of new prices for cotton varieties for the 1981-82 cotton season the State was paying on an *ad hoc* basis last year's guarantee prices under its monopoly cotton procurement scheme.

The Estimates Committee of the State legislature asked, the State Government to prepare an action plan at the beginning of every year for the purchase of 30,000 tonnes of edible oils from other States, which was the estimated shortfall after the quantity supplied by the Central Government and to utilize the same as a buffer stock for sale within the State.

The State Government sanctioned Rs 3.81 crores as loans to 10 sick cooperative sugar factories to enable them to pay canegrowers' dues, employees' salaries and loan instalments with interest.

The State Government sanctioned an additional amount of Rs 20.34 lakhs as special subsidy for the summer groundnut programme covering an area of 1.2 lakh hectares.

The right bank canal of the Rs 228-crore Bhatsai multipurpose project in Thane district was commissioned on December 12, 1981. The canal was estimated to bring 23,000 hectares of land under irrigation.

Under the afforestation scheme launched by the State Government, about 1,500 hectares of land along the canal banks in Yavatmal district would be brought under forest.

ORISSA

The State Government drew up an ambitious rabi programme to cover an area of about 34 lakh hectares under different crops with special emphasis on pulses and oilseeds. A special feature of the rabi programme would be the extension of the "compact area yield" programme to nearly two lakh hectares encompassing all kinds of crops.

A severe cyclone hit the State on December 10. As a result of saline water inundation after the cyclone, standing paddy crop on four lakh hectares was damaged.

A Central team would visit the State to assess the damage caused by cyclone after receipt of detailed report from the State Government.

Kharif crop production in the State was reported to be satisfactory. The production of rice was expected to be at 3.5 million tonnes which was only 0.5 million tonnes less than last year. The rice procurement target was fixed at two lakh tonnes. However, only 60,000 tonnes were procured till December-end.

PUNJAB

The area under wheat this year in the State was expected to increase to 2.84 million hectares as against the target of 2.83 million hectares. Rabi sowing on 95 per cent of the area under cultivation had been completed till December 28. The State expected to produce eight million tonnes of wheat during the current rabi season as against 7.7 million tonnes last year. This increase was attributed to timely winter rains and adequate supply of inputs to the farmers.

Rice production in the State this year was expected to be higher at 3.65 million tonnes, an increase of 13 per cent over the previous year. The rice procurement in the State till December-end had reached this three million tonnes mark.

Cotton production in Bhatinda district of the State was expected to be about four lakh bales this year as against 3.82 lakh bales last year. The Punjab Markfed had purchased about 73,000 bales of cotton worth about Rs 18 crores in the State, while the Cotton Corporation of India (CCI) purchased 72,000 bales up to December 12. It may be recalled that the CCI had suspended its procurement operations in 20 markets of the State last month. The procurement was resumed after two weeks.

The State Government proposed to streamline the public distribution system by bringing the supply and distribution of essential commodities under one authority.

The Punjab Agricultural University would open five research centres in the State to deal with regional agricultural problems. The World Bank would give rupees five crores in five years for setting up the centres.

RAJASTHAN

The State Government sought an assistance of Rs 92.42 crores during 1981-82 (post-monsoon) from the Centre for various drought relief programmes. The State Government allocated Rs 7.69 crores for drought relief work in Bikaner district.

TAMIL NADU

The State Government raised the price of sugarcane sold by growers to the mills from Rs 165 to Rs 175 per tonne linked to a recovery of 8.5 per cent. The Government would subsidies the difference of Rs 10 in the price by setting aside rupees seven crores from the purchase tax levied on the mills.

The Union Agriculture Minister informed the Lok Sabha that from April to November 1981 the Centre had allotted about 60,000 tonnes of rice to the State every month. However, the offtake ranged between 20,000 and 35,000 tonnes only. He further said that the State Government had demanded about 16.2 lakh tonnes during 1981. Against this it had been allotted 10.2 lakh tonnes.

A consultative committee for sorting out the problems of the tea industry would be set up soon by the State Government. The problems are with regard to excise duty, agricultural income tax, electricity tariff, power cut and availability of coal.

Crop insurance as a pilot scheme would be introduced in Tirupattur taluk in Ramnad region for the first paddy crop covering an area of 70 hectares.

The winter groundnut crop this year in the State was reported to be poor as a result of unfavourable south-west monsoon. The sowing for summer groundnut crop was reported to be in full swing.

TRIPURA

The Agricultural Refinance and Development Corporation approved a Rs 15-crore project for raising rubber plantations covering an area of 10,000 hectares in the State within the next seven years. The project aimed at popularising rubber cultivation among the small growers and tribal nomads. About 5,000 growers would benefit and each of them would have a plantation of two hectares.

The production of green tea in the country's first co-operative tea garden at Tachai near Agartala would be stepped up to 10,000 kg in 1982 by planting 1.5 lakh new tea plants. The garden which formally started working in August 1981 had 2.73 lakh tea bushes at present.

The State was reported to be facing acute food crisis due to short supply of grains and crop failure on account of drought. The Union Government was seized of the matter and it programmed 8,625 tonnes of rice and 3,450 tonnes of wheat for movement to the State during December. In addition, movement of about 2,000 tonnes of Nepal rice to the State was being expedited.

The State Government decided to issue land pass books to five lakh landholders in the State to document particulars of land held by them.

UTTAR PRADESH

Continuous ground frost damaged standing crops in large parts in the North-Western region of the State. The cold wave during the month claimed 15 lives in the State.

The State Government proposed to purchase two million tonnes of paddy this year for public distribution. The rice purchases in the State up to December-end were four lakh tonnes.

Despite reduction in sugarcane price by rupees two or more per quintal by some sugar mills in Central and Western parts of the State as compared to last year, the supply of sugarcane to the mills this season was not adversely affected due to a bumper crop. All the 91 factories in the State had gone into production by December 15 and it was estimated that sugar production this season would be 15 lakh tonnes as against 12.84 lakh tonnes last season.

WEST BENGAL

The State was hit by a severe cyclonic storm on December 10 which claimed 250 lives, especially in south 24-Parganas district and Sunderbans region. Crops worth Rs 50 crores were damaged. A Central team visited the cyclone affected areas in the first week of January 1982. The Centre sanctioned a sum of rupees five crores as ways and means advance for relief to the cyclone-hit people. The State requested the Centre to grant Rs 60 crores for relief.

The State Government decided to sanction rupees one crore as loan to small and marginal farmers.

The State Agriculture Department requested the Seed Corporation of India to supply seeds for rabi and other crops for cultivation in the cyclone affected areas of south 24-Parganas district. Salinity had damaged 80,000 hectares of cultivable land in the district.

At least eight lakh hectares constituting about one-fifth of the State's cultivable land was affected by drought in nine districts of the State.

The State Government requested the Jute Corporation of India to continue its price support operations at least till the end of December as the growers were still holding large quantities of raw jute and suspension of price support operations would hit them hard. In the meanwhile, the Corporation had exceeded its procurement target for the entire season for the State. It however lacked the storage space.

Under the West Bengal Rice Wholesaler (Levy Order) 1981, which came into force on December 10, every wholesaler would have to sell 60 per cent of the rice held by him to the Food Corporation of India. Those who had purchased rice or acquired it from a licensed miller of the State or from other States and had certificates from the competent authority would be exempted from the levy.

The procurement prices for rice fixed by the State were Rs 185.30 per quintal for coarse variety, Rs 193.40 per quintal for fine and Rs 199.50 per quintal for superfine variety.

The State would receive financial help from the Dutch Government for its Rs 65-crore agricultural development project in North Bengal. The scheme included minor irrigation, removal of acidity from the soil and conservation of soil.

Rice

Rice procurement until December 28, 1981 during the current kharif marketing season 1981-82 touched the five million tonne mark. Punjab procured 2.90 million tonnes, Haryana 0.87 million tonnes, Uttar Pradesh 0.38 million tonnes, Andhra Pradesh 0.30 million tonnes and Tamil Nadu 0.16 million tonnes. The Centre hoped to procure eight million tonnes this season as against 5.56 million tonnes procured in 1980-81.

The price of rice (basmati) in the Delhi market rose by 2.3 per cent over the month to Rs 500-625 per quintal.

Wheat

India contracted for the import of 7.5 lakh tonnes of wheat valued at Rs 94 crores from Australia to be supplied during the period December 1981 to February-end 1982. The estimated cost and freight (C & F) value of imported wheat per tonne worked out to 212.11 US dollars. This brought the total wheat imports to 22.6 lakh tonnes at an estimated cost of Rs 330 crores. The Union Agriculture Minister informed the Lok Sabha on December 21 that further wheat imports were not ruled out and would depend on the need and the circumstances.

Wheat scientists identified eight new wheat varieties for different agro-climatic conditions for extensive field tests and seed multiplication during the 1981-82 rabi season.

Widespread rains during the first week of January prevented any shortfall in wheat production in the major rabi States of Punjab, Haryana, Rajasthan, Himachal Pradesh and Jammu and Kashmir. The production target of 38 million tonnes was therefore expected to be achieved.

According to agricultural scientists, Karnal bunt disease which was sporadic in Haryana a few years ago had now spread to nine States in the country creating an alarming situation.

Over the month the price of wheat (farm) in the Bhaitinda market rose by 3.9 per cent to Rs 142-150 per quintal.

Cotton

The Cotton Corporation of India (CCI) purchased 3.06 lakh bales of cotton till January 4, 1982 in the 1981-82 cotton season against a target of 13.50 lakh bales for the entire season.

The Forward Markets Commission (FMC) sanctioned deals in non-transferable specific delivery contracts (NTSD) in all varieties of cotton grown in Tamil Nadu, Karnataka and Kerala with effect from December 9, 1981. The Commission also permitted the South India Cotton Association to regulate trading in non-transferable specific delivery contracts in all varieties of cotton grown in the country.

Of the quota of 35,000 bales of Bengal deshi cotton released by the Union Government for export by the private trade during 1981-82, 64 applications were received up to December 26, 1981 for a total quantity of 8,790 bales. However, no application was received from the CCI or the Marketing Federations of Punjab, Haryana and Rajasthan for the balance 15,000 bales allocated to them.

More than 50 per cent of the 12,000 bales of Pak cotton unloaded at Madras and Cochin ports was reported to be lying uncleared either due to inadequate fumigation facilities or laxity on the part of the port authorities.

The price of cotton (Bengal deshi) in the Bombay market increased by 4.1 per cent during the month to Rs 1,097 per quintal.

Jute

The Jute Corporation of India (JCI) purchased 16.31 lakh bales this jute season (July-1981 — June-1982) up to January 8, 1982. The JCI was asked to buy 15 lakh bales under the price support scheme and six lakh bales as commercial package purchase.

The Centre agreed to subsidise the JCI's raw jute price support operations this season. This was in addition to the new cash credit limit of Rs 100 crores fixed by the Reserve Bank of India.

The total jute stock with the JCI as on November 1, 1981 was estimated at 20.95 lakh bales including purchases made this season and carry-over stock.

The Reserve Bank of India advised all commercial banks to provide additional credit to jute mills for purchase of raw jute up to 14 weeks' consumption during the peak period November 1981 to January 1982. Banks were also advised to consider reducing the margin to 10 per cent for purchase of raw jute to be made in November and December and 15 per cent for purchase to be made in January 1982.

The Soviet Union bought 50,000 tonnes of hessian cloth and sackings from India for January/March 1982 shipments as against 62,700 tonnes for the comparable period in 1981.

In the Calcutta market the price of jute (W-5) rulled steady during the month at Rs 240 per quintals.

Edible oils

Export of groundnut extractions declined to 2.94 lakh tonnes during the first 11 months of 1981 as against 4.59 lakh tonnes in the whole year 1980 worth Rs 60.86 crores. The total export in 1981 was unlikely to cross 3.50 lakh tonnes valued at Rs 54 crores.

The total requirement of edible oils during the current oil year (November 1981 to October 1982) was estimated to be around 39 lakh tonnes. Indigenous production has been estimated at 27 lakh tonnes. Eighty-eight spot contracts for the import of 7.36 lakh tonnes of edible oils valued at Rs 328 crores were entered into this year.

According to a public notice issued by the Chief Controller of Imports and Exports, the minimum export price for blanched and roasted peanuts was reduced to Rs 11,000 per tonne from Rs 16,000 per tonne and that of roasted and salted peanuts in consumer packs (weighing up to two kg) to Rs 19,000 from Rs 25,000 per tonne. The Government allowed the export of the latter in cans as well as in laminated pouches subject to a minimum price of Rs 19,000 and Rs 16,500 per tonne respectively. The Union Government turned down the private trade's plea to allow import of oilseeds.

The price of groundnut (Karad bold) in the Bombay market increased by 8.5 per cent during the month to Rs 597 per quintal.

Sugar

Sugar production during November 1981, the second month of the 1981-82 season, touched a record level of 5.68 lakh tonnes as against 4.21 lakh tonnes during the corresponding month last year. The total production in the first two months of the current sugar season was 6.25 lakh tonnes as against 4.41 lakh tonnes in the corresponding period last year.

The despatches of sugar during November 1981 were 2.99 lakh tonnes for internal consumption and nil for exports as against 2.68 lakh tonnes for internal consumption and nil for exports during November 1980.

The total offtake in the first two months of the season was 7.17 lakh tonnes for internal consumption against 6.08 lakh tonnes during the corresponding period last season. The total closing stock of sugar with the factories at the end of November 1981 was 6.87 lakh tonnes as against 4.24 lakh tonnes at the end of November 1980.

The Union Government released 4.11 lakh tonnes of sugar for internal consumption for January 1982 as against 4.41 lakh tonnes for December 1981. While the levy sugar quota was maintained at the December level of 2.71 lakh tonnes, that of free sale sugar was reduced by 30,000 tonnes to 1.40 lakh tonnes.

The Union Government raised the tariff value of free sale sugar by rupees five to Rs 465 per quintal with effect from January 1, 1982.

The Union Government imposed a levy of rupees five per quintal on the country's entire sugar production to help generate adequate funds for the rehabilitation and modernisation of the sugar industry. The cess would not exceed Rs 10 per quintal and will be credited to a special sugar development fund of the industry which would net Rs 30-35 crores in a full year.

Because of limited availability of levy sugar the Centre turned down requests of several States for raising their allotted quotas of levy sugar for distribution through fair price shops. Their demand totalled 2.91 lakh tonnes a month as against 2.71 lakh tonnes supplied to them.

The Union Government sponsored a scheme for providing soft loan assistance to the sugar factories in order to encourage them to modernise their plant and machinery.

Out of the 2.15 lakh tonnes of sugar imported this year, about 2.02 lakh tonnes was being supplied for public distribution at levy prices by the State Trading Corporation of India.

In the Bombay market the price of sugar (C-30) at Rs 675-677 per quintal showed a rise of 23.5 per cent over the month.

Tea

Indian tea production in 1981 was

Spot prices of agricultural commodities: December 1981

(Rs per quintal)

Commodity	Market	Variety	December 31, 1981	November 30, 1981	December 31, 1980	December 31, 1979	Percentage variation on Dec. 31, 1981 over		
							a month	a year	two years
I. Foodgrains (1) Rice	Delhi	Basmati	500-625	450-650	300-475	275-575	2.3	45.2	32.4
	Hapur	Basmati	450-480	450-480	430-470	380-400	—	3.3	19.2
	T. P. Gudam	Fine	320	317.57	270.27	250-256.75	0.8	18.4	26.3
(2) Wheat	Bhatinda	Farm	142-150	136-145	142-152	118-123	3.9	—0.7	21.2
	Delhi	Deshi	210-230	210-230	185-210	150-185	—	11.4	31.3
	Rohtak	Dara	145-165	145-158	145-155	130-150	2.3	3.3	10.7
(3) Barley	Bhatinda	Average	100-110	100-110	100-105	70-77	—	2.4	42.9
	Hapur	Average	105-115	118-120	150-155	120-125	—7.6	—27.9	—10.2
(4) Jowar	Shrirampur	Average	210-235	175-200	160-175	155-161	18.7	—32.8	40.8
	Karnal	Average	120-132	128-136	120-139	110-120	—4.5	—2.7	9.6
(5) Bajra	Ahmedabad	Average	160-190	155-195	145-155	135-145	—	16.7	25.0
	Shrirampur	Average	185-210	155-180	142-158	118-130	17.9	31.7	59.3
(6) Maize	Hapur	Average	130-136	125-133	128-135	105-115	3.1	1.1	20.9
	Karnal	Average	140-150	130-142	116-132	108-118	6.6	16.9	28.3
(7) Gram	Bombay	Deshi	320-350	315-325	325-350	235-245	4.7	—0.7	39.6
	Hapur	Average	275-320	280-325	350-400	200-225	—1.7	—20.7	40.0
	Rohtak	Kabli	350-445	340-450	405-440	190-420	0.6	—5.9	30.3
II. Fibres (1) Cotton	Bombay	Varalaxmi	1,828	1,814	1,997	1,856	0.8	—8.5	—1.5
	Bombay	CJ-73	1,385	1,385	1,209	858	—	14.6	61.4
	Bombay	L-147(A)	N A.	1,603	1,504	1,125	—	—	—
	Bombay	A-51-9	1,448	1,490	1,399	1,069	—2.8	3.5	35.5
	Bombay	Bengal Deshi	1,097	1,054	787	717	4.1	39.4	53.0
(2) Jute	Calcutta	W-5	240	240	217.50	206	—	10.3	16.5
III. Groundnut and its oil (1) Groundnut (Kernels).. ..	Bombay	Karad Bold	597	550	540	419	8.5	10.6	42.5
	Kanpur	Average	510-625	500-575	550-650	460-480	5.6	—5.4	20.7
	Rajkot	Average	508.33	495.83	420.83	343.75	2.5	20.8	47.9
(2) Groundnut oil ..	Bombay	—	1,401.4	1,341.6	1,182.5	926.5	4.5	18.5	51.3
	Madras	—	1,300	1,240	1,150	890	4.8	13.0	46.1
	Rajkot	—	1,275	1,180	1,115	882.50	8.1	14.3	44.5
IV. Others (1) Sugar	Bombay	C-30	675-677	540-555	693-697	435	23.5	—2.7	55.4
	Hapur	—	588-589	575-580	700-725	400-440	1.9	—17.4	40.1
(2) Khandsari	Hapur	Average	300-430	450-460	480-540	360-370	—19.7	—28.4	—
	Delhi	Deshi	350-380	490-510	530-535	380-390	—27.0	—31.5	—5.2
(3) Gur	Hapur	Dhala Sup.	195-197	190-195	275-280	177-182	1.8	—29.4	9.2
(4) Tea	Bombay	Average	2,300	2,300	2,400	2,270	—	—4.2	1.3

expected to be around 560 million kg as against 575 million kg last year.

The Soviet Union signed a contract for 400 tonnes of Darjeeling tea valued at Rs 20 million packed in caddies of 500 grams each to be supplied in 1982.

Tea exports during the period January to November 1981 totalled 224 million kg as against 206 million kg during the corresponding period last year. The Tea Board hoped that the total exports may reach 240 to 245 million kg in 1981. The Centre was considering proposals to export three to five million kg of green tea to Morocco.

The price of tea in the Bombay market ruled steady at Rs 2,300 per quintal during the month.

Coffee

India agreed to export 25,000 tonnes of green coffee valued at Rs 50 crores and 1,500 tonnes of instant coffee worth Rs 18 crores to the Soviet Union during 1982. The contract was signed between the Coffee Board and the Sojuzplodo Import of Moscow. The Soviet Union purchased 23,000 tonnes of green coffee and 1,300 tonnes of instant coffee last year from India.

Rubber

The Union Government sanctioned the import of 15,000 tonnes of natural rubber after an assessment of the availability in consultation with the consuming industries.

Our New Graphic Symbol
A link between the
Bank and the people

- The triangle represents the organisation which protects the individual represented by the circle.
- The two triangles represent the basic banking services-deposits and advances- for the upliftment of Society-circle.
- The white line encircling the individual symbolises the infinite road to prosperity.
- Finally the triangles signified the Indian traditional way of saying 'Welcome' to the individual circle

NEW BANK OF INDIA
(A Govt. of India Undertaking)
Head Office : 1, Tolstoy Marg, New Delhi-110 001
New Bank — For prompt service

Costlier World Bank loans

Concluded from page 186

— in helping the Third World during the coming decade. "As a nation will we be wise enough to provide the bank with the political and financial support it needs?", he asked. "We are not doing so now. I hope we will be in the future." He further argued that a primary goal of the 1980s would be a continued recycling of the debt of undeveloped, oil-importing countries, and said governments would have to play a stepped up role as private sector lending receded.

Speaking of the US contribution to the IDA which has fallen 90 per cent as a percentage of gross national product since the days of the Marshall Plan, Mr McNamara said "the US performance can only be described as disgraceful."

But Mr Shultz, president of Bechtel Group Inc, and one of President Reagan's chief economic advisers from the private sector, took on Mr McNamara's remarks directly. "The greatest mistake would be for (the World Bank) to extend its capacity for purposes of concessional aid", he said. "No amount of tongue-lashing, no amount of calling the US performance disgraceful is going to lead people away from (the belief that) the use of a large amount of world savings not to adjust to energy prices is a good idea. Personally, I think it is a bad idea."

Energy was a key theme in the session sponsored by the liberal think tank, the Brookings Institution. But many of the participants stressed that the bank should play a support role — such as in providing risk insurance to private industry — in developing energy, rather than a primary one. The Reagan Administration already has opposed the idea of an energy-focussed World Bank affiliate. Mr McNamar said "The energy affiliate would have simply substituted less expensive public development for available private capital."

Much of the current Reagan Administration's emphasis is on private co-financing with the multilateral development banks, and Mr McNamar said he has instructed US Comptroller of the Currency, Mr Todd Conover, to re-examine restrictions on private bank co-financing. He said co-financing should be encouraged through more active marketing, improved co-financing packaging and a reduction in regulatory barriers.

In his wind-up speech to the conference, Mr Clausen, while agreeing with Mr Shultz that "the private sector ought to be more involved in the development sector," supported Mr McNamara's suggestion that the bank's capital could be increased at minimal cost by limiting the actual paid-in portions of a country's subscription. Mr Clausen called on the United States "to live up to its international agreements" with respect to its commitments to the IDA. He conceded, however, that in the future the IDA might have to charge interest — there was now only a service fee — and that the 50-year maturity on its loans might have to be shortened.

Although Mr Clausen made it clear that the bank was ready to adjust to new realities, Mr Shultz pointedly was espousing a more dramatic reorientation of the bank's aims and scope, which would emphasise creation, rather than transfer, of wealth. "We have to look on the 1980s in a different way", Mr Shultz said, "The greatest mistake would be to expand the bank's capacity to dip into the world's savings for concessional aid. The bank's image of the past few years is that it is helping countries to avoid facing up to realities. The pattern of bank activity, however, in the McNamara regime was strongly defended by Henry J. Fowler, Treasury Secretary under President Lyndon Johnson, and by Mr Henry Owen, former aide to President Jimmy Carter for economic summits.

In conclusion, one may say that time has come for the developing nations to face the hard realities of the tough stance taken by the Reagan Administration and the consequent stringent lending policies adopted by the World Bank and its affiliates. It is only in the unity that the developing nations can be expected to achieve their goals, though now restricted ones. India has called the conference of the Third World nations on February 22 and it would be interesting to see whether the decisions taken at this meeting prod the western nations to take a step forward in the North-South dialogue.

Elecon debenture issue

SIR, — Apropos of the new item in connection with our debenture issue in *Commerce*, dated January 2. 1981, we would like to clarify that the company will be liable to pay an additional interest of 1 per cent to the debenture holders in any financial year of the company if in that financial year the company declares a dividend at a rate in excess of 15 per cent for the relevant previous financial year. As the debenture issue is being made only in 1982 and for the relevant previous financial year *i.e.* the year ended December 31, 1981 the company has not yet decided on the rate of dividend, it will be premature to say that an additional interest of 1 per cent will be available to the debenture holders for the year 1982. For your information, the company usually holds its general meeting for the purpose of declaration of dividend around June each year.

Suresh Achar
Elecon Engineering Co Ltd,
Vallabh Vidyanagar (Gujarat).

IMF conditions: Why not?

SIR, — The recent $ 5.8 billion dollar IMF loan has been the subject of a controversy. There is nothing unusual in imposition of terms by IMF as every banker does the same to borrowers to ensure economic viability. Some years ago, when the UK approached IMF for a loan, strict terms were imposed. Curiously enough it was an Indian working in IMF who prepared the report on which loan conditions were set! There is nothing humiliating in the loan terms unless the Government has kept back some dark secret.

The fear of multinationals is unfounded. The Government has enough power to control both Indian and foreign enterprises. To shy away from multinationals, which are an organisational form in response to the changing structure of world economy, is to turn our face away from technology and economic progress. By the end of the century, in production, costing and marketing technology, the multinationals are expected to dominate the world economy. That is why even Communist countries are running after them.

M. R. Pai
BOMBAY

To The Editor
LETTERS
COMMERCE WEEKLY
Manek Mahal, 90 Veer
Nariman Road, Bombay-400 020.

CORPORATE SECTOR

In the market

Ambalal Sarabhai's rights debenture issue

Ambalal Sarabhai Enterprises is making a convertible debentures issue of approximately Rs 10 crores to the existing shareholders on a rights basis. Mr K. J. Divatia, executive vice-chairman of the company, told a news conference on Wednesday that the company was diversifying into new projects and had already completed some projects involving a capital expenditure of Rs 20 crores. The company had raised an equity capital of Rs 9 crores last year and had raised term loans of Rs 3.5 crores. The balance was being met by the company's internal generation. In addition adequate funds for working capital had to be provided for its new projects as well as the increased turnover resulting from the growth of its existing lines. The convertible debentures of Rs 10 crores would provide long-term finance to augment the company's internal generation for accelerated growth.

There had been an increase in the company's turnover of 12.5 per cent during July to December 1981 compared to July-December 1980 and he expected the company to maintain this tempo of growth. The new projects recently approved are: micro processors and computer peripherals, manufacture of amoxycillin, an anti-biotic of wide spectrum, and a detergent plant in Himachal Pradesh which will have a capacity of 10,000 tonnes. A detergent plant of 36,000-tonne capacity is expected to be commissioned in the Kandla Free Trade Zone by June or July this year, mainly meant for exports, and another project nearing completion is that of fatty acids at Ambernath near Bombay. Projects already completed in the current year are sorbitol expansion, chlorine and its salts, a new drug—propranalol, closed circuit television system and electronic measuring and testing instruments. The company has already started manufacturing mini computers and it hopes to sell Rs 10 crores worth of computers this year. The R and D work involved was developed indigenously.

Under the scheme of convertible debentures the shareholders will be entitled to subscribe to a fully secured convertible debenture of the face value of Rs 150 for cash at par on rights basis in the proportion of one debenture for every 25 equity share of Rs 10 each (any fraction to be rounded off to the nearest). Debentures will be offered to those shareholders whose names appear on the register of members at the close of business hours on February 9, 1982.

Each debenture of Rs 150 will carry an obligation on the part of the company to issue and allot on July 1, 1983 five equity shares of Rs 10 each at par credited as fully paid-up shares against adjustment and appropriation of a sum of Rs 50 out of the face value of Rs 150 of each of such debentures. Interest will be paid at the rate of 13.5 per cent per annum on the outstanding face value of the debenture from time to time. Additional interest at the rate of one per cent per annum will be payable if for the immediately preceding financial year, the company declares a dividend on its equity share capital at a rate exceeding 12 per cent. The non-convertible part of Rs 100 of each debenture will be repayable at par in four equal annual instalments from and after the end of the ninth year and up to the end of the 12th year from the date of allotment.

The company has already declared a dividend of 12 per cent for the financial year ending June 30, 1981. The directors of the company have also recommended to issue bonus shares in the proportion of 1 : 5, for which government permission is awaited.

Reliance Textile's Rs 50-crore debenture issue

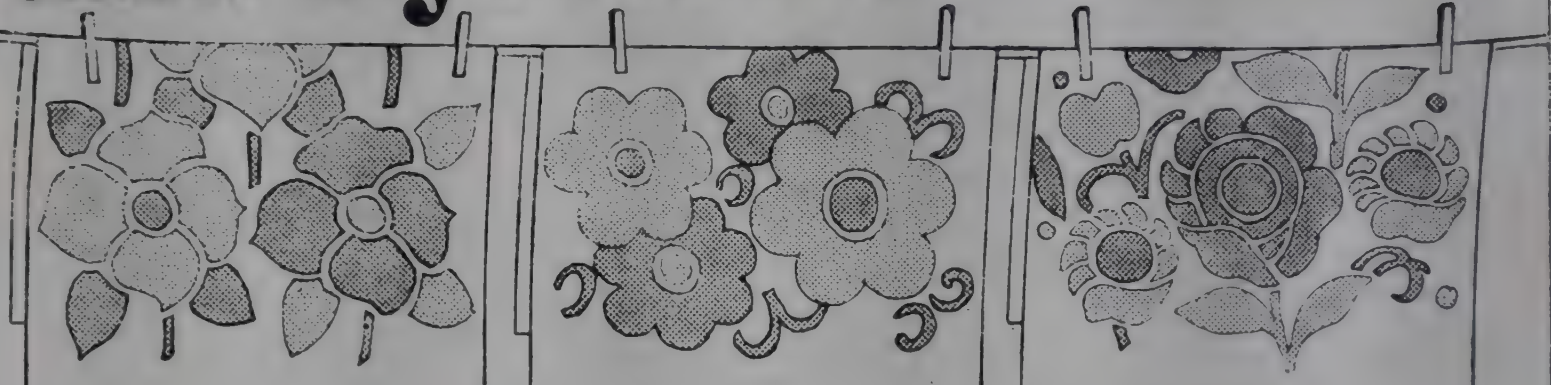
Reliance Textile Industries Ltd proposes to make soon, subject to the government and other approvals, an issue of 40 lakh convertible secured debentures of Rs 125 each for an aggregate amount of Rs 50 crores on a rights basis. The issue is being made to meet a part of the financial requirements for the programmes under implementation. Certain balancing and additional modern equipment, including imported machines worth about Rs 12 crores, are being obtained for the company's Naroda textiles complex nea Ahmedabad. This will enable th company to further upgrade it products, resulting in substantia improvement in its turnover an profitability. The company has als launched a programme to transforn the Sidhpur Mills, which was take over as a sick unit, into a moder textile unit.

The 13.5 per cent debenture will be offered in such a way a to give maximum benefits to th Indian resident holders of share and debentures of series I, II an III and fixed deposits holders o the company. It is proposed t offer five debentures to every share holder holding up to 50 shares 10 debentures to each holding up t 200 shares, 15 debentures to each holding 500 shares and 20 debentures to each holding 500 and more shares. So far as debenture-holders are concerned, it is proposed to offer five debentures to every one holding debentures of the first series five debentures to every holder o the second series and five debentures of every holder of the debenture three series. This offer to the existing debenture-holders is intended to establish a secondary market for debentures and particularly to benefit the debenture holders of each of the series of the company. There will be two record dates for the offer to shareholders and debenture holders, the first record date will be January 27 and another date will be announced later. There will be a second record date for the fixed deposit holders and it may be decided subsequently.

One fifth of the value of debenture of Rs 125, that is, Rs 25, will be automatically converted into one share of Rs 10 at a price of Rs 25 (inclusive of premium of Rs 15 per share) against the present market price of Rs 120 for these shares. In the event of bonus issue by the company during the intervening period the number of shares available on conversion will be increased in the same proportion in which the company's capital will be increased by the bonus issue while the premium of Rs 15 per share fixed for conversion will be reduced *pro tanto.*

The company's turnover in 1981 has crossed Rs 300 crores with an estimated gross profit of Rs 30 crores as against Rs 20

SAHYADRI DYESTUFFS & CHEMICALS offer Intermediates and Dyestuffs



MALACRYL DYESTUFFS

ranging from Yellow to Black

for added confidence in dyeing and printing on acrylic fibres

- high colour value
- good build-up
- good solubility

INK BLUE

BASIC DYESTUFFS

- Auramine O
- Malachite Green
- Methyl Violet 2B
- Rhodamine B

PURIFIED BASES

- Rhodamine B
- Methyl Violet 2B

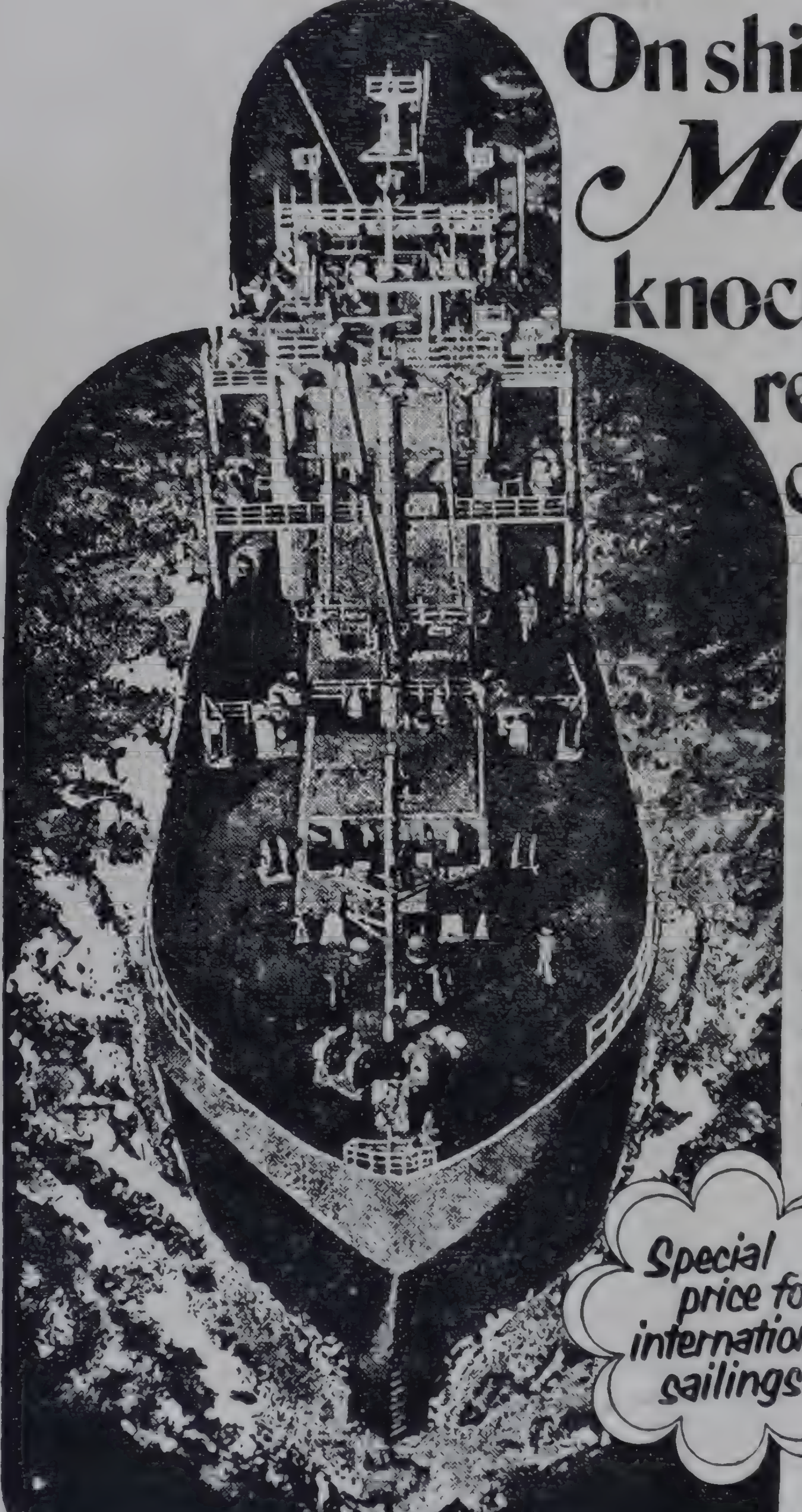
ALCOHOL SOLUBLES

- Auramine OF
- Rhodamine B

INTERMEDIATES

- N, N-Dimethylaniline
- Diethyl meta amino phenol
- Resorcinol

SAHYADRI DYESTUFFS & CHEMICALS
DIVISION OF MAFATLAL INDUSTRIES LIMITED
Mafatlal Centre, Nariman Point, Bombay 400 021 (INDIA)
Tel.: 232822 Telex: 11 4240 MGMC IN Cable: SAHARVIND



On ship, on shore...
Mafron®
knocks all other
refrigerants
cold !

Ensures efficiency, sustained
refrigeration performance,
longer life of
all cooling systems.

MAFRON refrigerants match the performance of the best refrigerants on every count, including price:

- ☐ Totally dry, therefore safe and reliable.
- ☐ Conform to high international standards
- ☐ Subject to stringent quality control
- ☐ Ensure peak efficiency, sustained performance, longer life of your cooling system.
- ☐ Easily available, in grades 12 and 22

No wonder MAFRON refrigerants have been the first choice for air-conditioning and refrigeration, on ships, naval frigates cargo vessels, etc.

Remember to specify MAFRON. Why ask for imported refrigerants under bond, when you can easily get MAFRON quality ?

Special price for international sailings!

Safe, dry,
reliable
Mafron®
REFRIGERANTS
Manufactured by
NAVIN FLUORINE
INDUSTRIES
Chemicals Division
THE MAFATLAL FINE
SPG. & MFG. CO, LTD.
Mafatlal Centre,
Nariman Point Bombay 400.021.

Rs 18.08 crores respectively for 1980. The company expects to achieve a turnover of about Rs 450 crores by the end of 1982.

Premier Mills

Premier Mills Ltd (Regd Office: Pulankinar, Udamalpet-642 142, Tamil Nadu) entered the capital market this week with a public issue of 5 lakhs secured convertible debentures of Rs 100 each for cash at par aggregating Rs 5 crores.

The debentures will carry interest at 13.5 per cent per annum and an additional interest of one per cent if the company declares an equity dividend of 16 per cent or more for the immediate preceding financial year.

The company has now undertaken a Rs 7.70-crore project for augmenting the spindlage at the Belathur unit to 50,000 spindles, in order to cater to increased captive requirement for cotton and synthetic blended yarns. The proceeds of the present public issue would be utilised to provide a part of the finances required for this expansion project.

Other developments

Savani Transport: Rapid strides

One reason why Savani Transport Private Ltd has risen to the fifth position among the country's leading road transport operators is its continued stress on expansion of fleet capacity and its network of branches. From one Chevrolet truck in January 1942 to about 450 trucks —of them 50 owned by the company and 400 taken on charter—as at present is good going indeed. The number of branches has also gone up to 251. But what has clicked with the customers of the company is its ability to pick up goods for transport from the consignor's doors and deliver the same on time at the consignee's door. As Mr M. V. Savani, managing director, explained to newsmen, his organisation planned to increase its fleet by another 10 per cent and open more branches in the near future. The tonnage carrying capacity was presently 150,000 tonnes, which brought in a turnover of about Rs 6.5 crores in 1981. The quality of services rendered by the company could be judged from the fact there were very few claims against damages, last year the company having paid only Rs 5 lakhs on this account.

However, what is plaguing the road transport operators, according to Mr Savani, are the road conditions, which in spite of improvement, leaves a lot to be desired. What is required, according to him, are bigger, better and stronger roads if road transport industry is to play its assigned role under the 20-point programme. All hurdles like numerous checkposts, state, zonal and all-India permits should be relaxed so that movement of goods is expedited, he says.

LMP's collaboration with Reedrill

LMP Precision Engineering Co Pvt Ltd of Bilimora in South Gujarat has entered into collaboration with Reedrill Inc, a unit of the world-renowned Baker International Group, to bridge the technological gap in the drilling activity in this country. Reedrill is the top manufacturer of the blast hole drilling equipment in the world.

LMP is known for its drilling rigs and equipment, designed and developed indigenously to suit the geological conditions of different areas. Since 1955 LMP has taken long strides in drilling rigs and equipment and today it fabricates a wide range of precision drilling machines for water-wells, mining exploration and other applications, all conforming to the highest international standards.

The collaboration with Reedrill will enable LMP to produce for the first time in India, blast hole drills—SK-60, SK-40 and SK-25 built to meet the drilling needs of quarries, heavy construction and mining.

Forthcoming company meetings

JANUARY 30 TO FEBRUARY 5

TELOIJAN TEA COMPANY LTD, Mcleod House, 3, Netaji Subhas Road, Calcutta 700 001 (**February 4, 10.30 a.m.**)

PUBLIC SECTOR

Canara Bank: 75 years of purposeful service

Canara Bank, one of the 14 banks nationalised on July 19, 1969, has completed 75 years of its existence in 1981 and is celebrating its platinum jubilee throughout the country during 1981-82. The bank held one such function in Bombay on January 16, 1982.

Canara Bank made a small beginning on July 1, 1906 at Mangalore in South Kanara district of Karnataka with the name "Canara Hindu Permanent Fund Limited". Now the bank has its headquarters at Bangalore. Over the years Canara Bank has grown from strength to strength in its operations and thus in its service to the people. The nationalisation in 1969 gave a new direction and a new sense of responsibility to the bank.

Today, Canara Bank can boast of being among the big five nationalised banks in the country. Since nationalisation the spread of its branch network increased from 368 in 1969 to 1,355 branches in 1981. During the same period deposits went up from Rs 185 crores to Rs 2,525 crores and advances from Rs 125 crores to Rs 1,425 crores. By the end of 1982, the bank expects to reach the figure of 1,425 branches, Rs 3,000 crores of deposits and Rs 1,740 crores of advances.

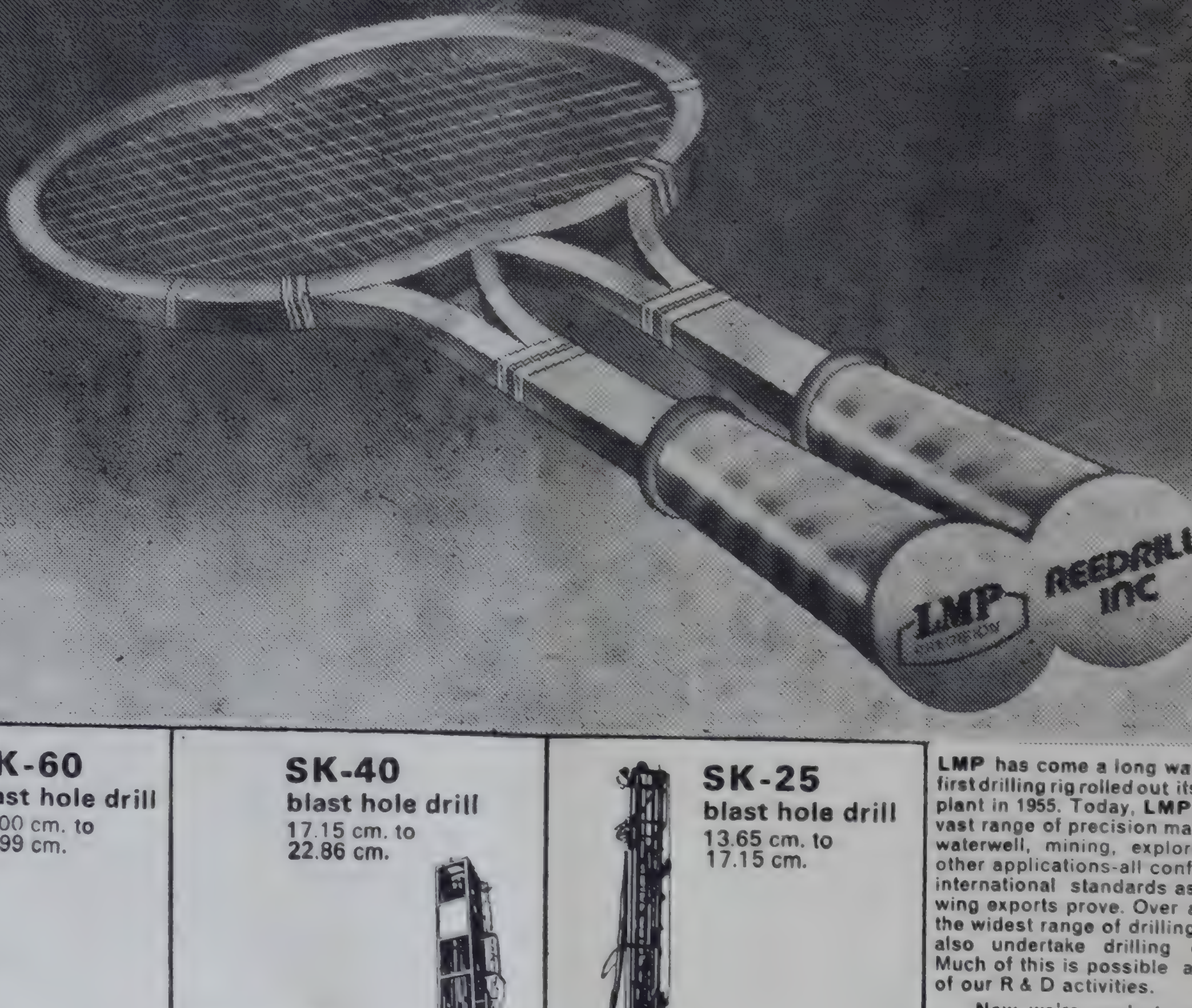
As regards the loan assistance to priority sectors—agriculture, small-scale industries, road and water transport operators, small business, professional and self-employed persons, education, etc—Canara Bank has shown commendable progress. The share of priority sector advances in the total advances of the bank which was 21.6 per cent in 1969 rose to 36.5 per cent in 1981. During 1982 the bank expects to further improve this share to 37.5 per cent. In 1980 Canara Bank had the distinction of assisting the highest number (7.36 lakhs) of agricultural borrowers among the nationalised banks. The number of borrowers in the priority sector was also the highest.

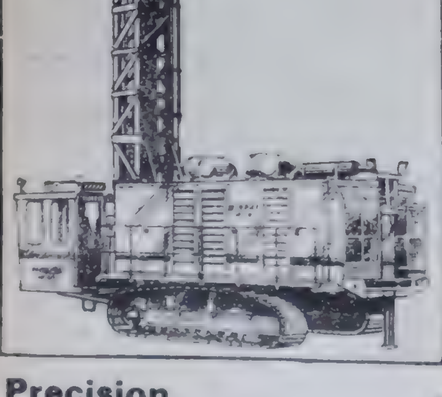
The bank has seven circles in the country among which Bombay Circle, comprising the states of Maharashtra, Gujarat and Madhya Pradesh, is the biggest in terms of both deposits and advances. Within Bombay Circle, while Maharashtra accounted for the maximum amount of deposits and advances, the credit-deposit ratio was the highest (93 per cent) in Gujarat as at the end of October 1981.

In the field of public welfare, Canara Bank has launched a number of schemes which included: a scheme of educational loans on concessional rate of interest without any tangible security, Summer Placement Scheme for college students, 'Earn While You Learn' Scheme, Relief & Welfare Society to render help to needy and handicapped, vacation camp for school children, campaign of staff pooling voluntary contribution for public welfare, etc.

Winning Doubles

LMP of India has teamed up in technical collaboration with Reedrill Inc. of USA ... to serve up even more advanced drilling equipment.

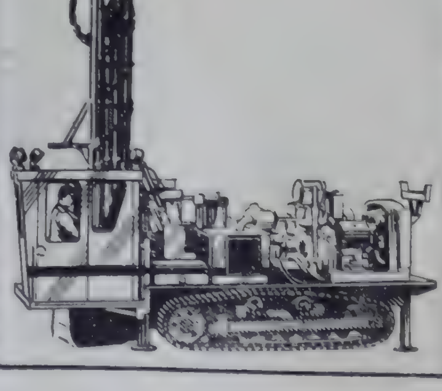




SK-60
blast hole drill
20.00 cm. to
26.99 cm.

REEDRILL SK 40

SK-40
blast hole drill
17.15 cm. to
22.86 cm.



SK-25
blast hole drill
13.65 cm. to
17.15 cm.

LMP has come a long way since its first drilling rig rolled out its **Bilimora** plant in 1955. Today, **LMP** creates a vast range of precision machines for waterwell, mining, exploration and other applications-all conforming to international standards as our growing exports prove. Over and above the widest range of drilling rigs, we also undertake drilling contracts. Much of this is possible as a result of our R & D activities.

Now we're ready to reach new heights with the **Reedrill** collaboration.

Reedrill Inc. a unit of the world-renowned **Baker International Group** of USA are the fastest growing manufacturers of drilling equipment in the world. The **LMP-REEDRILL** tie-up therefore spells a new age of excellence in blast hole drills in India.

For the first time, you'll get SK-60, SK-40, SK-25 rugged crawler mounted machines for drilling at quarries, heavy construction and open-pit mining.

naren

**Precision
is part of our name...
Excellence
very much our aim.**

**LMP Precision
Engineering Company Pvt. Ltd.**

Post Box 7, Mahadeo Nagar,
BILIMORA 396321,
Gujarat, India.
Telegram: PRECISION
Telephone 2411/2412
Telex 0176 202 LMP IN

REGIONAL OFFICES:
907, Raheja Chambers,
9th Floor, Nariman Point.
BOMBAY 400 021.
Telegram BLASTHOLE
Telephone. 234127, 240386
Telex: 011 2191 LMP IN

1-E, Neelambar, 1st floor,
28-B, Shakespere Sarani,
CALCUTTA 700 017
Telegram: BLASTHOLE
Telephone: 444680

801, 803, Chiranjiv Tower,
43, Nehru Place,
NEW DELHI 110 019.
Telegram: BLASTHOLE
Telephone 682915
Telex, 031 5042 LMP IN

6-E, El Dorado,
6th floor, 112,
Nungambakam High Road,
MADRAS 600 034
Telegram: BLASTHOLE

Financial analysis of operations of non-financial companies

Compiled by Commerce Research Bureau

(Rs lakhs)

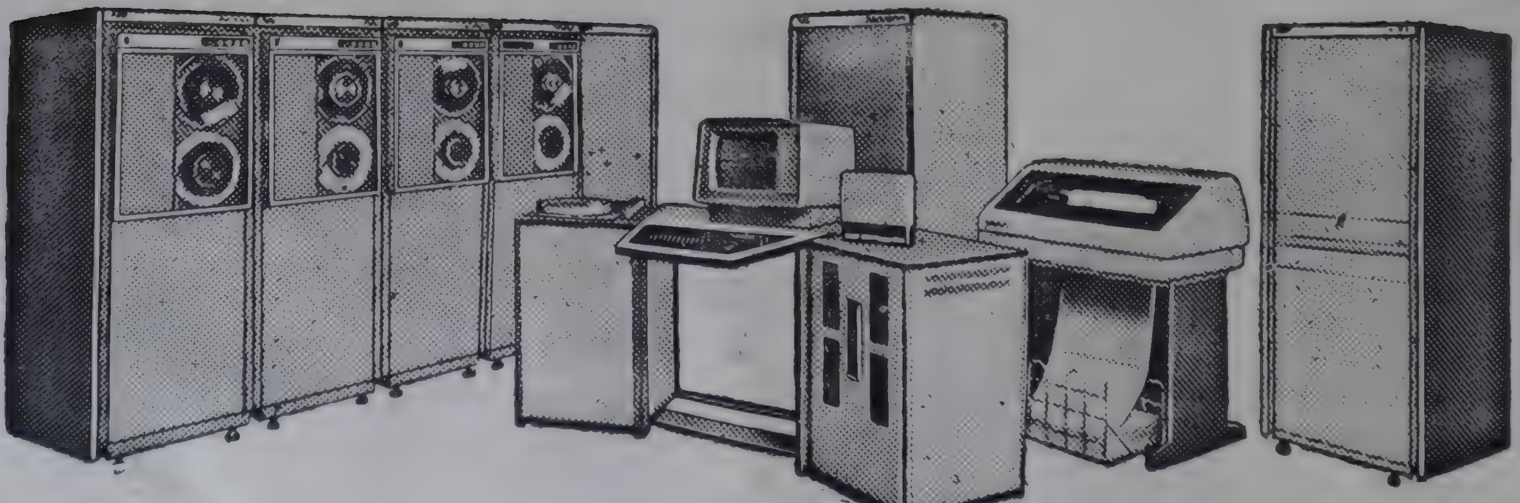
Name of the Company	Bally Jute Co.		Hastings Mill		Hukumchand Jute Mills		New Central Jute Mills Company		Reliance Jute and Industries	
Industry Group	Jute textiles		Jute textiles		Jute textiles		Jute textiles		Jute textiles	
	Year ended March		Year ended March		Year ended March		Year ended March		Year ended March	
Item	1980	1981	1980	1981	1980	1981	1980	1981	1980	1981
Liabilities (at the end of the year)										
1. Net worth (i+ii)	281.5	287.7	124.1	94.5	423.3	499.5	219.7	122.5	268.4	341.2
(i) Paid-up capital (a + b)	101.7	101.7	170.0	170.0	92.2	92.5	289.0	289.0	126.7	126.7
(a) Equity	71.7	71.7	120.0	120.0	52.5	52.5	256.0	256.0	106.7	106.7
(b) Preference	30.0	30.0	50.0	50.0	40.0	40.0	33.0	33.0	20.0	20.0
(ii) Reserves	179.8	185.0	—45.9	—75.5	330.8	407.0	-69.3	-166.5	141.7	214.5
2. Borrowings (i+ii)	278.9	280.1	637.9	667.3	471.5	523.8	703.6	598.1	655.9	877.9
(i) Long-term	21.0	15.0	86.6	106.6	35.0	25.0	3.8	3.1	234.5	306.8
(ii) Short-term	257.9	265.1	551.3	560.7	436.5	498.8	699.8	595.0	421.4	571.1
3. Non-current liabilities and provisions	77.8	77.4	1.3	1.3	—	—	1.8	1.8	—	—
4. Current liabilities and provisions	195.6	137.1	724.5	779.5	489.9	481.7	1,208.0	1,029.1	224.3	258.5
Assets (at the end of the year)										
5. Gross fixed assets	756.4	772.4	610.5	639.5	973.0	1,101.1	1,721.9	1,136.3	792.9	937.8
6. Less depreciation	549.3	576.5	444.3	476.0	675.9	721.0	1,097.9	620.2	364.9	412.4
7. Net fixed assets (5—6)	207.1	195.9	166.2	163.5	297.1	380.1	624.0	516.1	428.0	525.4
8. Current assets (i+ii+iii)	611.3	571.0	1,219.5	1,274.1	1,087.6	1,124.9	1,506.7	1,233.0	674.5	906.1
(i) Inventories	490.8	453.4	737.8	711.5	848.3	839.7	1,083.3	904.6	508.7	726.2
(ii) Receivables and loans and advances	118.1	112.2	464.7	524.8	224.5	256.1	380.5	310.1	135.0	156.7
(iii) Others	2.4	5.4	17.0	37.8	14.8	29.1	42.9	18.3	30.8	23.2
9. Other assets	15.4	15.4	102.1	105.0	—	—	2.4	2.4	46.1	46.1
Total : Liabilities (1 to 4) or Net assets (7 to 9)	**833.8**	**782.3**	**1,487.8**	**1,542.6**	**1,384.7**	**1,505.0**	**2, 33.1**	**1,751.5**	**1,148.6**	**1,477.6**
Value of production and other income										
10. Sales/income net of excise duty, discounts and selling commission	1,893.9	1,843.9	2,459.7	2,327.8	3,011.5	3,262.2	3,970.9	3,439.0	2,463.2	2,487.7
11. Increase in stock of finished goods and work in progress	—18.9	—46.0	37.6	1.5	125.6	—4.2	99.4	—77.2	9.0	194.6
12. Value of production (10 + 11)	1,875.0	1,797.9	2,497.3	2,329.3	3,137.1	3,258.0	4,070.3	3,361.8	2,472.2	2,682.3
13. Other income	4.6	22.2	39.3	59.3	7.2	7.0	29.0	57.0	50.7	18.1
Expenditure										
14. Materials, stores and other mfg. expenses	974.1	979.0	1,531.4	1,508.5	1,603.0	1,722.5	2,117.3	1,971.5	1,528.1	1,718.8
15. Current repairs	93.4	87.5	11.2	18.1	28.8	48.0	20.0	38.0	43.2	62.5
16. Salaries and wages	479.8	576.9	550.0	667.3	861.8	976.3	1,738.4	1,277.1	543.2	542.1
17. Welfare expenses	35.2	39.4	14.1	15.0	67.6	75.2	19.8	26.4	6.5	7.2
18. Managerial remuneration	1.4	—	—	—	3.1	2.1	—	—	0.3	0.3
19. Other expenses	64.4	76.5	101.7	102.8	115.3	138.1	201.3	166.6	126.7	177.1
20. Depreciation	35.8	32.0	26.9	36.8	30.1	45.8	31.0	25.3	42.2	47.6
21. Other provisions	—	—	—	—	—	—	—	—	—	—
22. Operating profit (12 + 13)—(14 to 21)	195.5	28.8	301.3	40.1	434.6	257.0	471.5	—86.1	232.7	144.8
23. Interest	36.2	33.6	123.5	124.3	56.2	53.9	171.6	172.6	69.7	88.4
24. Tax provision	51.0	—	—	—	220.7	112.5	—	—	19.0	—
25. Profit after tax (22—23—24)	108.3	—4.8	177.8	—84.2	157.7	90.6	299.9	—258.7	144.0	56.4
Appropriations										
26. Dividends (i + ii)	19.2	—	—	—	24.6	24.6	—	—	25.8	19.4
(i) Equity	7.2	—	—	—	21.0	21.0	—	—	24.0	17.6
(ii) Preference	12.0	—	—	—	3.6	3.6	—	—	1.8	1.8
27. Profit retained (25—26)	89.1	—4.8	177.8	—84.2	133.1	66.0	299.9	—258.7	118.2	37.0
Total : Value of production and other income (12 + 13) or Expenses and appropriations (14 to 22)	**1,879.6**	**1,820.1**	**2,536.6**	**2,388.6**	**3,144.3**	**3,265.0**	**4,099.3**	**3,418.8**	**2,522.9**	**2,700.4**
Operational indicators (per cent)										
(a) Net worth total net assets	33.8	36.8	8.3	6.1	30.6	33.2	10.3	7.0	23.4	23.1
(b) Inventories net sales	25.9	24.6	30.0	30.6	28.2	25.7	27.3	26.3	20.7	29.2
(c) Operating profit net sales	10.3	1.6	12.2	1.7	14.4	7.9	11.9	..	9.4	5.8
(d) Operating profit total net assets	23.4	3.7	20.3	2.6	31.4	17.1	22.1	..	20.3	9.8
(e) Profit after tax/net worth	38.5	..	143.3	..	37.3	18.1	136.5	..	53.7	16.5
(f) Equity earning/equity capital	134.3	..	148.2	..	293.5	165.7	117.1	..	133.3	51.2
(g) Equity dividend	10.0	—	—	—	40.0	40.0	—	—	22.5	16.5
(h) Equity dividend coverage. (No. of times)	13.4	..	..	..	7.3	4.1	..	..	5.9	3.1
(i) Paid-up value per equity share (Rs.)	10.00	10.00	100.00	100.00	7.50	7.50	10.00	10.00	10.00	10.00
(j) Market price of an equity share (Rs.)	11.62	9.06	95.00	102.00	30.00	25.00	5.00	3.25	17.75	12.31
(k) Gross yield	8.6	..	..	..	10.0	12.0	..	..	12.7	13.4
(l) Gross fixed assets formation	13.2	2.1	6.9	4.8	5.4	13.2	3.7	33.0	54.9	18.3
(m) Debt/equity	0.07:1	0.05:1	0.70:1	1.13:1	0.08:1	0.05:1	0.05:1	0.02:1	0.87:1	0.90:1

NOTES : .. Category not applicable . Amount/Percentage is negligible — Amount is nil N.Q. Not quoted N.A. Not available

The profit figures shown in the above statement have been calculated by making, wherever necessary additions or deductions of various items so as to show the true profit pertaining to the particular year on a uniform and comparable basis. Similar adjustments are sometimes made in other items also. Totals may not add up due to rounding off.

Birlas, Tatas, Modis, Mafatlals, Kirloskars, Garware, HMT and Ashok Leyland can't be wrong!

Over 100 business houses and companies have opted for DCM Data Products' Galaxy/9 and Galaxy/11.



HTD-DDP-7302

For good reason.

The Galaxy/9 and Galaxy/11 systems offer excellent throughput based on a powerful processor, and the widest range of peripheral devices.

And most important.

Your investment in the Galaxy is protected, because both the systems are upgradeable to match your growth. DCM Data Products' future product plans and collaborative arrangements will ensure this.

DCM Data Products' software and systems support are time-tested and field proven. Our Sales, Systems and Field Engineering personnel have the experience of supporting over 500 Galaxy and Spectrum installations.

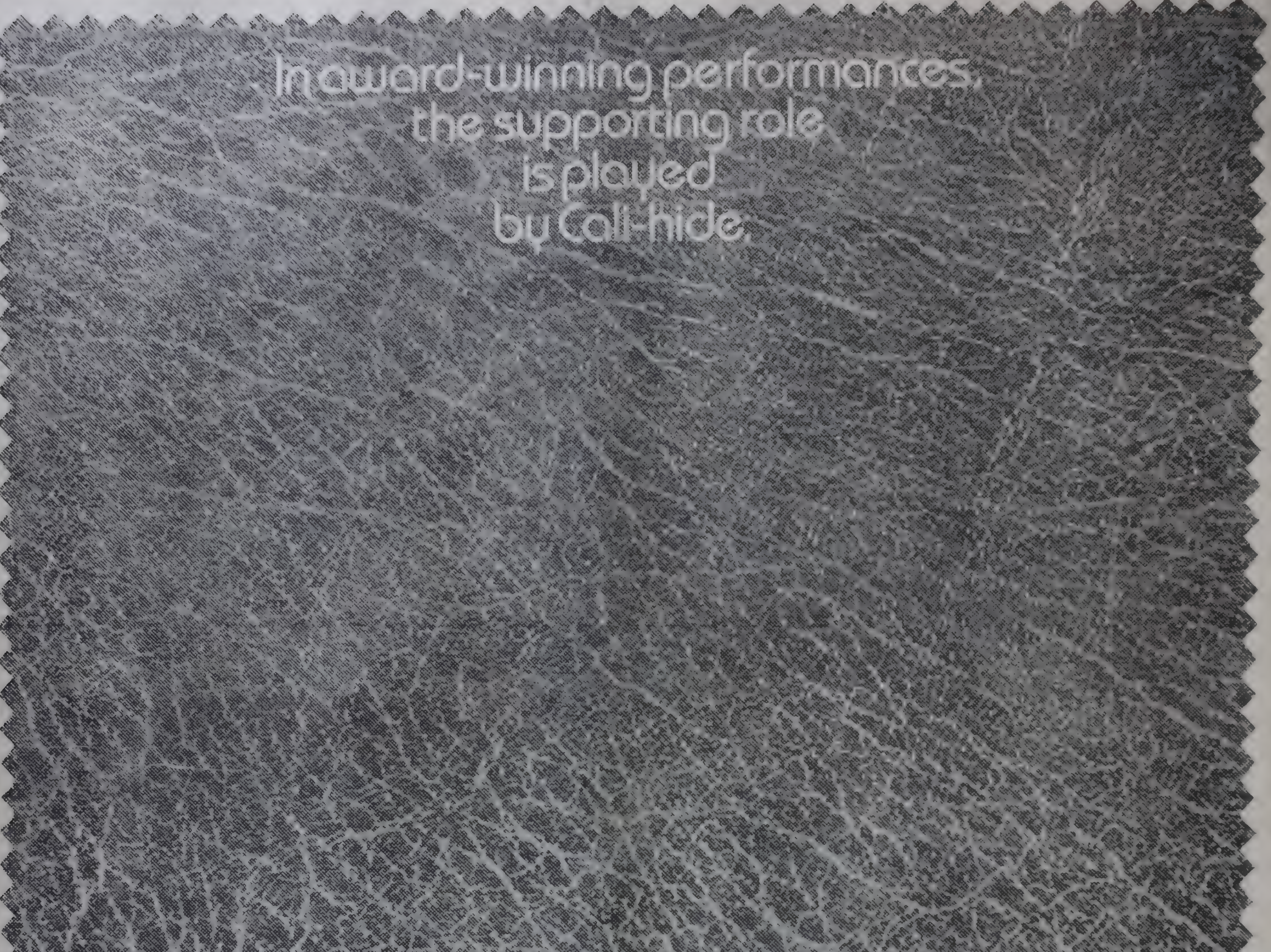
Galaxy/9
Galaxy/11

DCM
data products

4th Floor, Vikrant Tower
4 Rajendra Place
New Delhi-110 008
Tel: 581132, 561969
Cable: DECEMDEPE

Churchgate House, 34 Veer Nariman Road, Fort, Bombay 400 001
Tel: 253433, 293454, Cable: 'DECEMDATA', Telex: 011-2320
Shantiniketan, 3rd Floor, 8 Camac Street, Calcutta 700 017
Tel: 443538, 433947 Cable: 'DECEMDATA' Telex. 021-3274
Meeo House, 2nd Floor, 47 Mount Road, Madras 600 002
Tel: 88470, 810835 Cable: 'DECEMDATA' Telex: 041-7272
2nd Floor, 8E Rani Jhansi Road, New Delhi 110 055
Tel: 620486, 620687, 520847, 622128 Cable: 'DECEMDATA'

HTD-DDP-7302



In award-winning performances,
the supporting role
is played
by Cali-hide.

cali–hide®
Luxury synthetic upholstery

The widest range of colours, textures and prices.

No other seating upholstery so completely matches your style.

Cali-hide from Calico.

calico

Rediffusion/C/1665c

EQUITIES

o let up in selling

Bombay, January 25

Equities continued to fall back
1 renewed bull liquidation. Besides,
financial institutions like
IC, UTI and GIC came out with
lling orders. I. es were, there-
re, widespread. Activity was
nited and the undertone at the
ose of the week was easy. Sellers
redominated the equity market
wards the end of the previous
eek following the sudden and un-
pected change in the Finance
inistry, which is now headed by
r Pranab Mukherjee.

The other reason for the renew-
l selling pressure was the high
adla charges of 36 per cent. On
p of this, BSE has decided on
anuary 22 to dilute the 'A' group
st further by shifting 4 scrips,
amely, Great Eastern Shipping,
ndian Hotels, WIMCO and Chemi-
als and Fibres of India (CAFI)
) the 'B' list. The change propos-
d in G.E. Shipping surprised most
f the marketmen. BSE will, how-
ver, implement the change only
fter three months.

Textile shares continued to en-
ounter selling for the second
veek in succession on account of
bour unrest in about 60 mills
nleashed since January 18 by the
nions led by Dr Datta Samant.
ut of this, labour trouble had
tarted in eight mills much earlier
e. since October 15. Standard
ropped further by Rs 7 to Rs 336,
Iorarjee by Rs 15 to Rs 200,
Chatau by Rs 5 to Rs 225 and
Bombay Dyeing by Rs 2.50 to Rs
9.50. Kohinoor sought a low
evel of Rs 45.

Century, however, recovered
artially by Rs 12 to Rs 940 on
hort-covering and scattered fresh
uying inquiry on the eve of the
ompany's board meeting on Janu-
ry 27 to consider the dividend,
part from accounts, for the year
nded December 1981. Tata Steel
leclined by Rs 22 to Rs 342,
ELCO by Rs 42 to Rs 670, Larsen
y Rs 5.25 to Rs 54, Voltas by Rs
2 to Rs 248, IDI by Rs 16 to Rs
00, Premier Automobiles by Rs
2 to Rs 372 and Digvijay Cement
y Rs 7.50 to Rs 210. G.E. Ship-
ing suffered a setback, with a
eavy loss of Rs 6.25 at Rs 33.75
ollowing the BSE decision to shift
he share from 'A' group to 'B'
roup. ACC, however, firmed up
urther by Rs 12 to Rs 290 on
lecontrol prospects. The scrip re-
corded a net gain of Rs 94 in a
span of just three weeks from the
re-Christmas level of Rs 196.

THE WEEK'S PRICE RANGE

(Compiled by Commerce Research Bureau)

	Closing quotations 16-1-82	High	Low	Closing quotations 23-1-82
CLEARED SECURITIES	Rs.	Rs.	Rs.	Rs.
Textiles				
Ahm. Advances (100)	177.50	180.00	177.50	180 00
Bombay Dyeing (25)	72 00	71.00	66.00	69 50
Central India (50)	51.00	51 00	48 00	50.00
Century (100)	928 00	951.00	926.00	940.00
Dawn (50)	58 00	61.00	58.00	61.00
Elphinston (50)	50.00*	—	—	50.00*
Finlay (100)	90 00	91.00	83.00	88.00
Gokak (100)	202.00*	—	—	202.00*
Gwalior Rayon (10)	58 50	58.75	55.50	56.25
Khatau (100)	230.00	232 50	220 00	225.00
Kohinoor (100)	51.00	52.00	45.00	45 00
Morarjee (100)	215.00	215.00	195.00	200.00
National Rayon (100)	320 00	327.50	305.00	310.00
New Great Eastern (100)	80 00	80 00	77.00	77.00
Phoenix (100)	42.00*	42.00	38 00	38.00
Podar (10)	7.50*	—	—	7.50*
Shreeniwas (100)	85.00	85.00	85.00	85.00
Simplex (50)	63.00	63.00	62.00	63 00
Standard (100)	343.00	344.00	330 00	336.00
Swadeshi (100)	168 00	168 00	168.00	168.00
Swan (100)	190 00	—	—	190 00*
Tata Mills (25)	25.00	27.00	25.00	26.00
Electric				
Ahmedabad (100)	95 00	95 00	94 00	95 00
Andhra Valley (100)	104.00	103 50	102 00	103 00
B.Suburban (100)	126 25	126 25	125.00	126 25
Tata Hydro (100)	109 00	109 00	107.00	107.00
Tata Power (100)	113.00	113 00	110.50	112 50
Steel				
Mukand (10)	32 00	31.00	28.00	30 00
Tata Steel (100)	364.00	365 00	334.00	342 00
Engineering				
Larsen & Toubro (10)	59.25	57.50	53.25	54.00
Tata Eng. & Loco (100)	712 00	714 00	662.00	670 00
S.L.M. Maneklal (100)	167.50*	167.50	152.50	155.50
Voltas (100)	260 00	262 00	245.00	248.00
Walchandnagar (10)	28 00xd	29 00	28.00	28.50
Dyes & Chem				
Amar Dye-Chem (100)	130 00	130 00	115.00	125.00
Indian Dyestuff (100)	210.00	210.00	200.00	200.00
Polychem (50)	57.00	56 00	53.00	55.00
Tata Chemical (10)	51 00	51 00	51 00	52.00
Shipping				
Great Eastern (10)	40 00	40 25	32 50	33.75
Scindia (20)	18 75	19 00	17.25	17 65
Cement				
A.C.C. (100)	278 00	299 00	277 00	290.00
Shree Digvijay (100)	217.50	222.50	210.00	210.00
Sugar				
Maharashtra (50)	44.00	44.00	43.00	44.00
Phaltan (50)	31 00	30.50	30.50	30 50
Miscellaneous				
Bombay Burmah (25)	44 50	44.50	44 00	44.50
Hindustan Motors (10)	30.75	30 75	28.75	29 25
Premier Automobiles (100)	384.00	388 00	373 00	372.00
Pre. Construction (50)	121.00	121 00	118 00	120 00
Sirpur Paper (10)	23.00	21 50	19 00	21 00
Tata Oil (25)	58 50	60 00	58.50	60 00
W. Coast Paper (100)	100.00	97.50	95.00	95 00
Wimco (10)	13.50	13.65	13.25	13 50*
NON-CLEARED SECURITIES				
Textiles				
Baroda Rayons (100)	440.00	449.00	430.00	439 00
Century Enka (100)	615 00	620 00	580 00	580 00
Garware Nylons (10)	45 00	44 50	42.00	42 50
Gold Mohur (100)	92 00*	—	—	92 00*
Indian Rayon (10)	91 00	92.00	84 00	86 00
J. K. Cotton (10)	15 50	—	—	15 50*
J. K. Synthetics (10)	66 00	66.50	61 75	62 75
Lakshmi Vishnu (100)	61.00	—	—	59 00*
Mafatlal Fine (100)	222.50	220 00	215 00	217 00
Mafatlal Industries (125)	373 75	373 75	370 00	370 00
Modella Woollen (10)	9 25*	9 25	9 25	9 25
Nirlon (10)	40 75	41 00	38 50	40 00

	Closing quotations 16-1-82	High	Low	Closing quotations 23-1-82
NON-CLEARED SECURITIES	Rs.	Rs.	Rs.	Rs.
Textiles				
Raghuvanshi (100)	181.00	122.50	122.50	122 50
Raymond Woollen (10)	55.50	57.00	55.00	57 00
Reliance Textile (10)	125 00	125 00	120 50	122 50
S. I. Viscose (100)	227 50	227.50	225.00	227.50
Stretch Fibres (10)	9.50	9 50	9.50	9 25
Swadeshi Polytex (10)	16 15	16 50	16 25	16 25
Electric				
Amalgamated (10)	6 75*	—	—	6 25*
Surat (100) ...	100.00	—	—	100.00*
Cement				
Mysore Cement (10)	37.00	36.00	35.00	35 00
Saurashtra Cement (100)	100.00	120.00	120.00	120 00
Paper				
Andhra Paper (100)	182 50*	177.50	177.50	177 50
Bhadrachalam (10)	15.00*	—	—	15 00*
Jayant Paper (100)	140.00	140.00	135.00	135 00
Rohit (100)	215.00*	—	—	215 00*
Steel, metals, alloys				
Ennore Foundries (10)	38 00*	38 00	33.00	38 00
Ferro Alloys (100)	265 00	262 50	257.50	262 50
Hind Aluminium (10)	47.00	47 00	45 00	45 50*
Khandelwal Ferro (100)	131 25	132.50	127 50	127 50
Mahindra Ugine (10)	61.00	62 00	57.00	57 00
Tata Yodogawa (100)	127 50*	120.00	120.00	120 00
Engineering				
Associated Bearings (100)	405 00	405.00	398 75	402 50
Bimetal Bearings (10) ...	29.25	29.50	29.00	29.50
Blue Star (10)	35 00	35.00	33.00	33.50*
Elecon Engineering (10)	36.50	38 00	37.00	38 00
Gujarat Steel Tube (100)	365 00	380.00	365.00	370 00
Hindustan Brown (100)	293.75*	293.75	285.00	285 00xr
Ingersoll-Rand (10) ...	148.00	150.00	136.00	144 00
Jyoti (100)	200 00	195.75	195.00	195 00
Kamani Eng. (10)	80.00	80.00	77.00	80 00
Kirloskar Cummins (100)	672 50	677 50	655 00	655 00
Kirloskar Oils (10) ...	25 00	25 25	24.50	24.50
Kirloskar Pneumatic (10)	45.50	45.50	44.75	44 75
Mahindra (10)	58.00	58.00	55.00	55.00
New Standard (100) -	107.00	107.50	102 50	102 50
Sandvik Asia (100) -	360.00	360.00	350.00	351 25
Vulcan-Laval (10) -	31.50	31.50	31.00	31 50
Zenith Steel (10) -	53.00	52 50	49 00	50 00
Cables & Elec.				
Asian Cables (100) ...	210.00*	—	—	210.00*
Bajaj Electricals (100) ...	180.00*	170.00	170.00	170 00
Crompton Greaves (100)	352 50	353.75	350.00	353.75
Otis Elevator (10) ...	30 00	30.00	26.00	26.50
Siemens India (10) -	63 00	63 00	61.00	61 00
Chemicals				
BASF (10) ... -	40.00	41.00	38 00	40 00
Bayer (India) (100) -	200.00	—	—	200 00*
Chem & Fibres (10) ...	22 50	22 50	22.00	22.50
Colour-Chem (100) ...	182 50	185.00	177 50	180 00
German Remedies (10)	27 50	27 50	27 00	27.00
Gujarat State Fert. (100)	506 00	507 00	46[illegible] 00	473.00
Hindustan Lever (10) ...	54 00	54 00	51 00	51 50
Indian Organic (10) ...	31.00	31.50	30 00	30 00
National Organic (100)	190.00	192 00	184.00	187.00
Pfizer (10) ... -	24.00	24.00	23 50	24 00
Polyolefins Ind. (100) ...	325 00	325 00	312 50	317 00
Sandoz (10) ... -	29 25	28 50	27 00	27 50
Synthetics (100) ...	82 00	83 00	79.00	81 00
Warner-Hindustan (10)	21 00	21 50	21 00	21 50
Zuari Agro (10).. -	23 75	24.00	23 25	24 00
Miscellaneous				
Bajaj Auto (100)	1600.00	1585.00	1540.00	1540 00
Bombay Oxygen (100)	118 75	117.00	115.00	115.00
Cadbury (10)	23 25	23 25	20 00	20 50
Camphor & Allied (100)	195 00	20[illegible] 00	19[illegible] 00	195.00
Ceat Tyres (100)	200.00	202.50	192 50	195 00
Colgate-Palmolive (10)	143 00	146.50	136 00	137 00
Empire Industries (15)	26 00	—	—	26 00*
Fibre glass (10) -	16 75	16 75	16 00	16 75
Gammon India (10) ...	22 25	22 00	19 75	20.50
Hindustan Ferodo (10)	39 50	39 50	38 [illegible]0	38 50
Hoechst Dyes (10) -	26 00	27 00	26 50	26 50
Indian Hotels (10) ...	90 00	92 00	89 00	89 00
Motor Industries (100)	440 00	442 50	420 00	4[illegible] 00
Tata-Finlay (10) ...	12 25	12 50	12 00	12 25

Notes : Figures within brackets indicate the paid-up value of shares. xd—Ex—dividend. cd—Cum-dividend. xr—Ex—right. cr—Cum right.

(a) An asterisk mark after the quotation indicates the closing prices of the last official trading and not of the date indicated in the columns.

(b) The dash (—) in the columns for 'High' and 'Low' means that no official trading in the share had taken place during the period under report

Maharashtra's R-Day Gift

to the Small Farmer

A WELL ON EVERY FARM

With the Government's compliments. At no cost to himself.
To make him self-sufficient.

TO AUGMENT NATIONAL PRODUCTION

There are lakhs and lakhs of small farmers. They are the backbone of the agricultural economy.

In the past they were only given loans and were charged compound interest. But the future is full of hope for them as for all other small men.

Wells of hope

made possible by a Government that works for the poor.

DGIPR

COMMODITIES

ute goods decline

Calcutta, January 18

The Centre has finally decided not to set up a Jute Board. On the other hand New Delhi has constituted a standing committee of secretaries to co-ordinate activities relating to the jute industry, it is learnt. The secretaries to the department of textiles, food, agriculture, expenditure, industrial development and supply will be the members of the high level committee in which the Indian Council of Agricultural Research will also be represented. The Jute Commissioner will be its convener and its first meeting is expected to be held soon.

The meet it is stated will review the situation faced by the jute industry. Efforts will also be made to see that the purchases of jute bags by the Food Corporation of India as well as by the sugar and cement industries are planned in a proper manner. The industry should not have any misgivings on this account, it is pointed out.

Jute goods in the Calcutta gunny market presented a quieter look due to disappointing level of demand. Buyers were not enthusiastic to absorb fresh stocks while there was tendency on the part of holders to liquidate their stocks. As a result prices lost ground for both hessian and sacking. Overseas and domestic demand continued to be at a low ebb providing for an extremely thin activity during the week.

The fibre market was steady but activity here was not large as mills preferred to operate on a hand to mouth basis because of the poor going on the demand for jute goods. The Soviet Union has signed a contract with the Jute Corporation of India for the purchase of 56,000 bales of raw jute worth about Rs 4.17 crores for shipment between January and March. Although the USSR usually buys raw jute during this time of the year, it has never bought such a large quantity in a single deal. Bangladesh had also offered to sell raw jute to the Soviet Union. This development is expected to give some fillip to the market. The JCI holds a stocks of 25 lakh bales. Against an export target of three lakh bales the corporations exports during the first seven months of 1981-82 is 62.400 bales worth Rs 3.40 crore compared to the total exports of 1.04 lakh bales worth Rs 6.7 crore in 1980-81.

The West Bengal Government has suggested that the price of W-5 grade jute be pegged at Rs 275 per quintal for the next season against the current price of Rs 175. This view point of the state government was conveyed to the acting chairman of the Agricultural Prices Commissioner by the officials of the agriculture department recently during a meeting with him.

FORM II-A
(See rule 4A (I))

Form of general notice to be given to the members of the public before making an application to the Central Government under Sub-section (2) of Section 22 of the **Monopolies and Restrictive Trade Practices Act, 1969.**

NOTICE

It is hereby notified for the information of the public that J. K. Synthetics Ltd., Kamla Tower, Kanpur proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi, under sub-section (2) of Section 22 of the Monopolies and Restrictive Trade Practices Act, 1969, for approval for the establishment of a new undertaking for the production of white cement. Other particulars of the proposed new undertaking are as under:

(i) Name of the proposed undertaking : J. K. Cement, Works,
(White Cement Division)
Kamla Tower, Kanpur.

(ii) Name(s) of person(s) or authority/authorities proposing to establish the new undertaking. Where it is a body corporate, furnish details of its management structure together with those of the proposed undertaking : J. K. Cement Works. : a Division of J. K. Synthetics Ltd., Kamla Tower, Kanpur, a public limited Company : having a Managing Director under the supervision and control of Board of Directors.

(iii) Capital Structure of the applicant person or authorty and of the proposed undertaking :

AUTHORISED

Equity Shares		
2,50,00,000 of Rs. 10 each ..	Rs.	25,00,00,000
Cumulative Redeemable Preference Shares:		
1,00,000 9.5% of Rs. 100 each	Rs.	1,00,00,000
3, 00,000 11% of Rs. 100 each	,,	3,00,00,000
10,000 9.1% of Rs. 100 each ..	,,	10,00,000
90,000 Unclassified Shares of Rs. 100 each	,,	90,00,000
	Rs.	30.00.00.000

ISSUED, SUBSCRIBED & PAID-UP :

Fully paid Shares Equity:		
1,54,05,286 of Rs. 10 each ..	Rs.	15,40,52,860
Comulative Redeemable Preference Shares:		
75,000 9.5% of Rs. 100 each	Rs.	75,00,000
1,00,000 11% of Rs. 100 each	,,	1,00,00,000
10,000 9.1% of Rs. 100 each	,,	10,00,000
	Rs.	17,25,52.860

(iv) Proposed location of the new undertaking : Gotan, Distt. Nagaur (Rajasthan)

(v) Brief outline of the cost of the project, the scheme and source of finance :

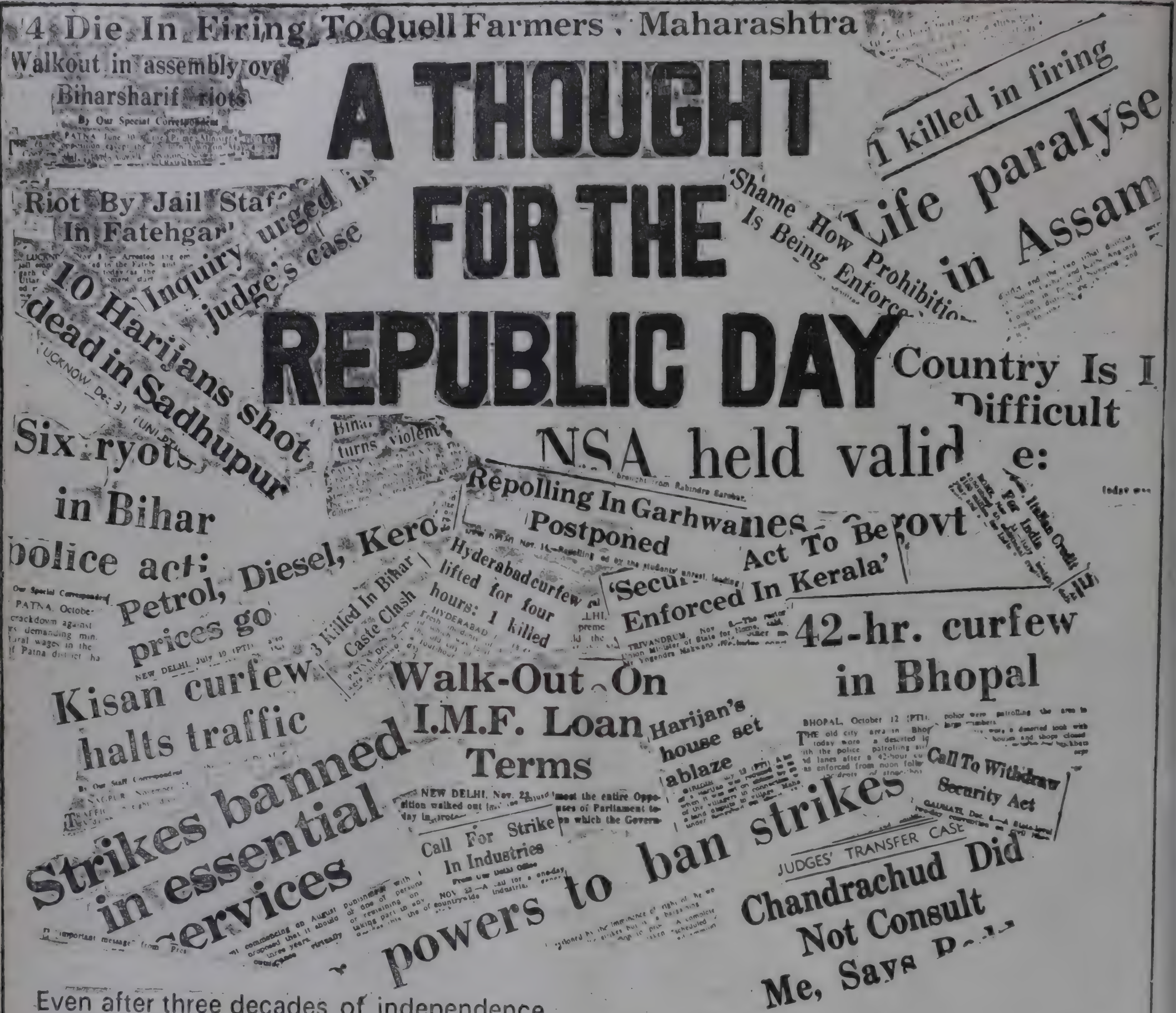
(I) COST OF PROJECT :	(Rs. in Lacs)
Land & Building	96.00
Plant & Machinery	923.00
Miscellaneous fixed assets ..	16.00
Expenses on foreign technicians & training of Indian technicians abroad.	10.00
Pre-operative expenses	33.00
Contingencies	72.00
Total	1150.00

(2) SOURCE OF FINANCE:	
Deferred credit for imported plant & Machinery in suppliers credit from Denmark.	280.00
Loans from Banks	470.00
Internal accruals	400.00
Total:	1150.00

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

For J. K. SYNTHETICS LTD.
R. S. BAJPAI
SECRETARY.

Dated this day of 14th January. 1982.



A THOUGHT FOR THE REPUBLIC DAY

4 Die In Firing To Quell Farmers , Maharashtra

Walkout in assembly over Biharsharif riots

Riot By Jail Staff In Fatehgarh

Inquiry urged in judge's case

10 Harijans shot dead in Sadhupur

Six ryots in Bihar

police act:

Bihar turns violent

1 killed in firing

Life paralysed in Assam

Shame How Prohibition Is Being Enforced

Country Is In Difficult

NSA held valid

Repolling In Garhwal Postponed

Act To Be

'Security Act To Be Enforced In Kerala'

Petrol, Diesel, Kero prices go

3 Killed In Bihar Caste Clash

Hyderabad curfew lifted for four hours: 1 killed

42-hr. curfew in Bhopal

Kisan curfew halts traffic

Walk-Out On I.M.F. Loan Terms

Harijan's house set ablaze

Call To Withdraw Security Act

Strikes banned in essential services

Call For Strike In Industries

powers to ban strikes

JUDGES' TRANSFER CASE

Chandrachud Did Not Consult Me, Says R

Even after three decades of independence the gap between the rich and the poor has further widened. People below the poverty line have also increased. This is due to a continued reluctance for radical land reforms and a vicious grip of the monopoly capital on our economy. Our debt to capitalist countries is threatening our economic independence.

The integrity of the nation is in jeopardy, in an atmosphere of socio-economic decadence in our country peopled by various sects and races. The forces of separatism, communalism and provincialism are on the prowl, backed by imperialist interests.

Parliamentary democracy in India is in peril. In a bid to establish authoritarian rule the democratic rights of the working people, trade unions and the rights of franchise are being interfered with. A tendency to tamper with the legal system and the constitution is also visible. Attempts are underway to stifle all opposition opinions.

On the Republic Day let us resolve: Against all these unholy forces, let us be vigilant and articulate, to safeguard our economic freedom, national integration and democracy.

GOVERNMENT OF WEST BENGAL

PARADISE

urther fall in roundnut oil

Bombay, January 25

Groundnut and its oil yielded urther ground in the oilseeds narket last week due to renewed offerings, coupled with ack of worthwhile demand. Groundnut Karad bold, Sauashtra bold and Saurashtra quality dropped further by Rs 10 each to Rs 580, Rs 585 and Rs 585 per 100 kg respectively. Groundnut oil, which lost Rs 4.16 at Rs 141.44 in the previous week, declined by Rs 2.60 to Rs 138.84 per 10 kg.

Imported oils also slipped back further owing to the weakness in groundnut oil. Palmoleine fell by Rs 1.56 to Rs 134.16 and soyabean by Rs 2.60 to Rs 129.48 per 10 kg. RBD, after the preceding week's sharp fall, staged a small recovery by Rs 1.56 to Rs 119.60 per 10 kg.

Castorseed and its oil moved up further on better advice from producing centres and brightening export prospects. Madras small and Kanpur bold, which rose by Rs 8 each to Rs 334 and Rs 324 last week, looked up further by Rs 2 each to Rs 336 and Rs 326 per 100 kg. Likewise, castor commercial oil and castor BSS oil edged up further by 25 paise each to Rs 71.50 and Rs 76.50 per 10 kg.

Linseed was steady at Rs 490 per 100 kg while its oil shed Rs 3.90 at Rs 124.02 per 10 kg. Among cakes, groundnut expeller, de-oil and castor maintained their previous rates in the absence of fresh offerings. Cottonseed, however, suffered a fresh setback with a loss of Rs 115 at Rs 1,450 per tonne.

Comparative prices in rupees per quintal of seeds and per 10 kg of oils :—

	23-1-1982	16-1-1982
G. nut Karad bold	580.00	590.00
G. nut oil	138.84	141.44
Cast. Md. Sm.	336.00	334.00
Cast. oil com.	71.50	71.25
Cast. oil BSS	76.50	76.25
Linseed bold	490.00	490.00
Linseed oil	124.02	127.92

Grains quiet

Bombay, January 25

A quiet tendency featured trading in grains in the local market last week. In cereals, wheat ruled steady on poor demand by roller flour mills and local retailers. Arrivals were better as upcountry stockists turned anxious sellers. The Pissi variety was quoted steady at Rs 275-350 per quintal and the Sonakalyan variety at Rs 215-225 per quintal.

Activity in rice was at a low ebb. Arrivals from Andhra Pradesh and Punjab were satisfactory. The basmati variety was traded at Rs 600-750 per quin-

---

NSC

NATIONAL SEEDS CORPORATION LIMITED

(A Govt. of India Undertaking) Beej Bhavan, Pusa Complex, **New Delhi-110012**

Telephone : 569072-79 Telegram : RAJBIJ Telex : 31-3705 BEEJ IN

INTERNATIONAL COMPETITIVE BIDDING-VI

NOTICE INVITING TENDERS FOR THE SUPPLY OF CONVEYING, HANDLING, DRYING WEIGHING, STITCHING AND OTHER RELATED EQUIPMENT FOR USE IN THE SEED PROCESSING PLANTS.

National Seeds Corporation Limited, New Delhi, invites on behalf of its clients sealed tenders from the established and reliable manutacturers and suppliers located in the territories of the Member Countries of the International Bank for reconstruction and Development (World Bank) and Switzerland for the supply of following equipment strictly in accordance with the detailed specifications given in the tender documents.

		Tentative Quantities
1.	Conveying equipment of various capacities like bucket elevators ; belt conveyors ; drag conveyors ; portable bag conveyors; car-corn elevator ; potato sorting and feeding belt etc.	216 Nos.
2.	Handling equipment of various capacities like holding bins and surge bins.	200 Nos.
3.	Continuous flow type seed drying systems complete with heating unit holding/tempering bins ; bucket elevator, troughed/flat belt and drag conveyor etc.	11 Nos.
4.	Batch type crop dryers of various capacities.	5 Nos.
5.	Maize sheliers	9 Nos.
6.	Fork lifters of various capacities	12 Nos.
7.	Exhaust fans	144 Nos.
8.	Potato Grader	1 No.
9.	Bag carts of various capacities	118 Nos.
10.	Weighing scales of various capacities	52 Nos.
11.	Lorry weigh Bridges	12 Nos.
12.	Universal moisture meters	40 Nos.
13.	Portable bag closers	45 Nos.
14.	Generating sets of various capacities	15 Nos.
15.	Air compressors	15 Nos.
16.	Vacuum cleaners industrial type	21 Nos.
17.	Fuel storage tanks of various capacities	11 Nos.
18.	Portable electric welding set	2 Nos.
19.	Cyclone Dust Collectors	35 Nos.

Quantities against various items of equipment are tentative.

II. Government of India have received loan/credit from the International Bank for Reconstruction and Development for National Seed Programme and it is intended that proceeds of this loan would be applied for payments under the contract(s) for which this invitation to bid is issued.

III. Tenderers may quote separately for any item(s) or all items.

IV. Foreign tenderers may utilise the services of their authorised agents in India to submit and progress their offers.

V. (a) Last date for receipt of tenders *5-4-82
(b) Date of opening of tenders *6-4-82
(c) Date of completion of supplies : Delivery of equipment shall be completed within 120 days from the date of placing of the firm order or establishment of Letter of Credit whichever is later in accordance with the delivery schedule to be confirmed at the time of placement of order.

VI. Tender documents (non-transferable) can be obtained from the office of the Chief Engineer, National Seeds Corporation Limited Beej Bhavan, Pusa Complex, New Delhi-12 (India) on payment of Rs. 150/- or equivalent (non-refundable) in cash or by crossed demand draft in favour of the National seeds Corporation Limited, New Delhi-110012 on all working days during office hours.

VII. The Indian manufacturers/suppliers who are small scale units and registered with National Small Industries Corporation under single point registration scheme are exempted from payment of tender document fees. As such tender document shall be supplied to them free of cost on request provided proof of registration with NSIC under the single point Registration Scheme for the particular atores equipments enclosed with their request for obtaining tender document. This facility will however not be provided to those small scale units who are registered under the old Registration Scheme which was extended upto 30th June, 1981 only

Sale of tender documents will commence w.e.f.** 4-2-82 and will be stopped on *** 3-4-82

davp 947 (3)'81

tal and the Luchai variety at Rs 290-315 per quintal showing no change over the week.

In coarse grains bajra hardened by Rs 3 to Rs 165-350 per quintal. Barley, jowar and maize were listless at Rs 138-140 per quintal, Rs 160-300 per quintal and Rs 185-190 per quintal respectively

Among pulses gram dal ruled steady at Rs 375-410 per quintal. Arrivals were good. Tur dal lost ground following increased pressure of supplies. New crop tur was marketed briskly at the producing centres. Tur dal showed a fall of Rs 25 to Rs 450-550 per quintal. Moong (chumki) maintained last week's level of Rs 365-375 per quintal. Likewise masoor dal and urad (moglai) were also traded at last week's levels of Rs 450-460 per quintal and Rs 250-260 per quintal respectively.

Sugar recedes

Bombay, January 25

Sugar lost further ground in the local market last week following a marked decline in demand. The price of C-30 grade sugar declined by Rs 30 per quintal to Rs 580-585 per quintal. Reports that the Government might release a larger quota for free sale in February affected market sentiment. The State cooperative factories were keen on offering to dispose of the monthly quota before the end of the current month. The city wholesale market received 15,256 bags. The weekend stocks were placed at 1,320 bags. The C-30 grade sugar on January 23, 1982 was quoted Rs 110 per quintal lower than the level on the corresponding date a year ago.

Khandsari declined by Rs 23 to Rs 75 per quintal during the week to 405-568 per quintal.

Gold and silver gain

Bombay, January 25

The prices of gold and silver went up in the Bombay bullion market during the past week. The price of standard mint gold opened at Rs 1,737 per 10 gms and closed higher at Rs 1,745 per 10 gms. The price of silver (.999 fineness) which opened
Rs 2,595 per kg closed hig
at Rs 2,620 per kg.

Money tight

Bombay, January

Condition in the Bomb
short-term money market w
tight during the past we
Both notified and commerc
funds in the inter-bank c
money section were renewed
ten per cent. Fresh money w
transacted at ten per cent. T
market closed at ten per cen

Aggregate deposits decline sharply

Bombay, January

Aggregate deposits of a
scheduled commercial bank
declined sharply by Rs 390.
crores to Rs 43,524.10 crore
Bank credit expanded by R
86.57 crores to Rs 29,688.
crores. Borrowings of bank
from the Reserve Bank o
India (RBI) increased by R
17.27 crores to Rs 668.66 crore
and the balances of banks wit
the RBI went up by Rs 37.1
crores to Rs 4,627.19 crores.

INCOME-TAX

TAX ARREARS, REFUNDS
AND
APPEAL EFFECTS CLEARANCE
FORTNIGHT 18TH JAN TO 30TH JAN, 1982

During the above fortnight the Income-tax Department will concentrate on Disposal of :—

1. REFUND CLAIMS

2. ALL MATTERS RELATING TO THE OUTSTANDING TAX DEMANDS

Tax payers are requested to communicate or meet the concerned Income-tax officer with necessary particulars relating to :—

Unadjusted tax payments/Issue of Chalans for Net Demand

Giving effect to appellate orders

Rectification of mistakes

Re-opening of ex-parte assessments

Refund claims

HELP THE DEPARTMENT TO SETTLE
YOUR TAX DUES/MATTERS PROMPTLY

DIRECTOR OF INSPECTION
(Research, Statistics & Public Relations)
Income-tax Department
New Delhi-110 001

davp 81/297

YOJANA
SILVER JUBILEE NUMBER
(ENGLISH & HINDI)

The Silver Jubilee Numbers are being released at a special function in New Delhi on January 25, 1982. Shri Vasant Sathe, Minister for Information & Broadcasting will preside and Member, Planning Commission, Mohd. Fazal will release the issues.

The bumper Special Number contains articles on the burning problem of ENERGY and a comprehensive account of 30 years of Planning. Well illustrated.

Contributors include :

* **H. N. Sethna**
* **Raja Ramanna**
* **Dr. M. S. Swaminathan**
* **Mohd. Fazal**
* **S. B. Chavan**
* **Vasant Sathe**
* **K. C. Pant**
* **Maheshwar Dayal etc.**

English edition Rs. 3.00 Hindi edition Rs. 2 00

For Copies Contact :

The Business Manager
Publications Division
Patiala House
New Delhi-110 001.

davp 81/299

COMMERCE

Vol. 144 FEBRUARY 6, 1982 No. 3687

EDITOR : VADILAL DAGLI

ASSOCIATE EDITORS : D. B. MAHATME
SUBHASH CHANDRA SARKER

CONTENTS

COMMENTS

Editorials

Promising Indo-Pakistani talks 227
Bank pays damages to customers 228
Khadi Commission under Industry Ministry 228
Yet another rail tragedy 229

COLUMNS

Editor's notebook (Vadilal Dagli) 231
As I see it : Promoting foreigners' understanding of India (Subhash Chandra Sarker) 237
Money : Corporate funds management (S. G. Shah) 239
Beyond headlines : Indian education scene in 1981 (S. Sreedhara Swamy) 252

SPECIAL REPORTS

Indian economy : How to sustain growth ? ; Non-ferrous scrap imports : Backdoor canalisation ? ; Potatoes galore ; Inspiring green revolution ; Drug units told to export aggressively ; Banks neglecting gem industry ; Chemical industry : Negative growth ; Wire rod imports : Industry to be consulted ; PR world congress : Stress on interdependence 232

FEATURES

IMTEX - 82 *1-28*
People ; The week 226
Letter from Bangladesh : High growth, higher inflation (Zakeria Shirazi) 230

COMPANIES, STOCKS & COMMODITIES

Corporate sector 243
In the market : Vardhaman Spinning ; Banswara Fabrics ; Automobile Corporation of Goa ; Indian Sewing Machine Co ; Siddhartha Super Spinning ; Punjab Anand Batteries 243
Forthcoming company meetings 245
Financial analysis of operations of non-financial companies 246
Equities : Renewed selling 247
Commodities 249

STATISTICS

Indian economy : Basic Indicators (Commerce Research Bureau) 241

Commerce Publications Ltd, Manek Mahal, 90 Veer Nariman Road, Bombay 400 020. Telephone : 253505, 253562, 253392.

Subscription rates : Inland—Yearly Rs 200 (Students and teachers Rs 115), Half-yearly Rs 115.

Foreign Airmail—Asia and Africa (including South-East Asian and West Asian countries) £ 37, Japan Yen 21,418, UK and Europe £ 46, USSR Rouble 71, United States US $ 117.

COMMERCE RESEARCH BUREAU

PREMIER CENTRE FOR MONITORING CURRENT DEVELOPMENTS IN THE INDIAN ECONOMY

* The research work of the Bureau is organised through these nine Divisions :

(1) Agriculture,
(2) Industry,
(3) Corporate Sector,
(4) Regional Economics,
(5) Banking and Finance,
(6) International Economics,
(7) Unorganised Sector,
(8) Science and Technology, and
(9) Special Studies.

* Each Division is manned by experts who have specialised in their respective subjects.

* Over the years the Bureau has built up a comprehensive economic data system which is the only one of its kind in the country today.

* Through its studies published in the "Commerce" weekly and its special numbers, the Bureau has established a high reputation for itself.

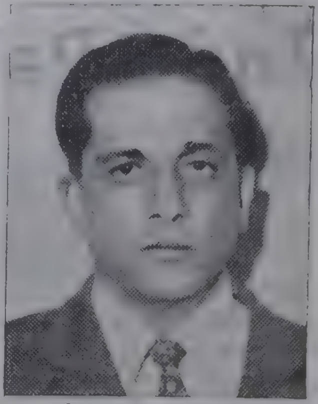
* Its exclusive and prestigious "Economic Monitoring Service" is subscribed to by some of the foremost organisations in the public and private sectors.

All enquiries may be addressed to :

The Director
Commerce Research Bureau
N.K.M. International House
178 Backbay Reclamation
Bombay-400 020
Phone : 241423

PEOPLE

Mr K. R. Sangameswaran, till recently general manager (works) at the Indian Iron and Steel Co Ltd, has been promoted as managing director of the company. A metallurgist from the Indian Institute of Science, Bangalore. Mr Sangameswaran had worked previously at the steel plants at Bhilai and Rourkela before moving over to IISCO. He is also the National Metallurgists Day award winner for his outstanding contribution in blast furnace technology.



Sangameswaran

Capoor

M. L. Capoor, director, Dunlop India Ltd, has been awarded the IAMM national award this year for his outstanding contribution to the profession of materials management. A past president of the Indian Association of Materials Management (IAMM), Mr Capoor is the first Indian to be elected to the executive committee of the International Federation of Purchasing and Materials Management.

Mr Prabir K. Sandell, chairman of ETTDC, and managing director of Uptron Powertronics Ltd, has been elected senior vice-president of the Asian Electronics Union,

Mr V. K. Modi has been appointed senior vice-chairman of Bombay Tyre International Ltd, which was formally taken over by the House of Modis in Bombay on December 21, 1981.

V. K. Modi

Wurzbacher

Captain A. M. Kapur has taken over as chairman, International Airports Authority of India, with effect from January 13, 1982.

Dr G. Wurzbacher, who has been appointed vice-president of the Indo-German Chamber of Commerce for the current year, is the managing director of Uhde India Ltd. Dr Wurzbacher, who came to India in 1981, has a long standing association with research in chemistry. He holds a doctorate in chemistry.

Mr S. Pandit of Peico Electronics and Electricals Ltd has been elected chairman of the Radio Electronic and Television Manufacturers Association. Mr R. N. Tata of NELCO was elected vice-chairman.

Mr B. K. Modi has been appointed vice-chairman of Bombay Tyre International Ltd.

B. K. Modi

THE WEEK

A West German public sector company, Saarberg, has offered to New Delhi to set up a demonstration coal fluidised bed plant capable of generatin 200 mw of power, free of cost to demonstrate its lates beneficiation technology. ★

India and Pakistan have agreed to establish joint commission, which will meet periodically to examine bilateral relations. ★

The Planning Commission has indicated that allocations made for power, coal and the railways will be cut from the 1982-83 annual plan because of resource constraints. There will also be a cut in state plan outlays. ★

The International Trade Centre, Geneva, and the Swedish Government will finance a market exploration visit by a team from the Handloom Export Promotion Council to the West Asian countries in March. ★

A refinancing institution to give credit to water supply schemes on the lines of HUDCO and the Rural Electrification Corporation has been suggested by a Government committee. ★

Iran has asked the Indian Government to assist it in commissioning two thermal power plants left incomplete by the Americans. ★

The Government has decided to raise the budgetary allocation for the Integrated Rural Development Programme by 45 per cent in 1982-83. The outlay will go up to Rs 204 crores as compared to Rs 145 crores this year. ★

A policy decision has been taken by the Union Government to allow the core sector public sector units to have captive power plants. ★

The World Bank has offered aid of Rs 699 crores for medium scale irrigation projects in Gujarat. ★

The Union Government will pay a royalty to states whose hydel resources it exploits. A royalty of 1.5 paisa will be paid for every unit (kilowatt-hour) generated by the Centre's hydroelectric stations in the states.

Wholesale price index

At 278.7 the latest available Wholesale Price Index during the week ended January 16, 1982 showed a fall of 0.3 per cent over the week. However, the index showed a rise of 5.4 per cent over the year.

Money tight

Conditions in the Bombay short-term money market were tight as of Monday (February 1, 1982). In the inter bank call money sections both notified and commercial funds were renewed at ten per cent. Fresh money was transacted at ten per cent. The market closed at ten per cent.

COMMERCE

Promising Indo-Pakistani talks

ONLY a believer in magic or a political innocent could have expected the just concluded India-Pakistan talks in New Delhi to result in a major breakthrough. Nonetheless the result can be described as progress, *albeit* an inch of it, towards the goal of tension-free peace in the sub-continent. Considering that both countries have been diverting a rising proportion of their resources from the much-needed economic development to militarisation, it is to be fervently hoped that many more such inches would eventually add up to a mile, for what is at stake is nothing less than the well-being of millions of poverty-stricken people on either side of the border. When talks take place against the backdrop of a history of tortuous and violent relationship, even small signals acquire the significance of cobbles of goodwill that could pave the way to lasting friendship. Therefore, the decision reached between the Foreign Ministers of India and Pakistan that the talks will be resumed, presumably at the level of foreign secretaries, in Islamabad before the end of this month is encouraging. According to their joint statement, Mr Narasimha Rao and Mr Agha Shahi have "noted with satisfaction that the air has been sufficiently cleared to facilitate specific consideration of the elements which could constitute the substance of an agreement." The two Foreign Ministers made the same point at their joint press conference when they pointed out that "misgivings and suspicions" of one country against the other had been largely dispelled, thus helping to set the stage for more substantative negotiations on a no-war pact. The decision to set up a joint commission to review and promote bilateral relations is also a positive straw in the wind.

However, the optimism generated by the first round of talks needs to be tinged with caution and not complacency. Mutual suspicions may have lessened but cannot be said to have evaporated. New Delhi's initial reaction to Islamabad's proposal for a no-war pact was that it was a propaganda ploy, aimed perhaps to facilitate the passage through the American Congress of the arms package to be delivered to Pakistan, for, otherwise, why had that country not responded to the 30 year-old Indian proposal for a non-aggression pact? This is still rankling in Pakistani minds. One particular newspaper editor, said to be very close to those in authority in Islamabad, has accused India of eventually responding to the Pakistani proposal for reasons of propaganda. Anyhow it was statesmanlike on the part of Mrs Gandhi to take the opportunity to assure the journalists accompanying Mr Agha Shahi that, irrespective of whether there was a non-aggression pact or not, India would never attack Pakistan. This apart, serious differences remain, and both the sides have refused to indicate any time frame for reaching substantive agreement.

The Indian position is encapsulated in an *aide-memoire* carried to Islamabad by the Indian Ambassador, Mr Natwar Singh, after his visit to Delhi towards the end of December last. India has mentioned in the documents seven principles which could become the basis of a no-war pact. A major suggestion to Pakistan is that it should revert to the principle of a bilateralism in resolving all issues — as provided for in the Simla agreement. But Pakistan has not desisted from raising the Kashmir issue in international forums. Another major Indian suggestion is that neither country should indulge in an arms race through the acquisition of sophisticated weapons disproportionate to its legitimate defence needs and that an institutionalised machinery should be jointly evolved to constantly study the impact of induction of arms in the region. Mr Shahi queered the pitch of this suggestion by categorically stating at the press conference that a no-war pact with India could not restrict his country's "sovereign right" to purchase arms for its defence needs. A no-war pact with the elements of the Simla agreement would also mean strict adherence to the principle of non-alignment and commitment by both the countries that they would not allow foreign powers to establish military bases on their territories. Pakistan is yet to be reconciled to this stipulation. India's communication is believed to have also sought guarantees that Pakistan will not manufacture nuclear weapons.

In the India-Pakistan parleys New Delhi should adopt, and persuade Islamabad to accept, the same approach which has characterised the Sino-Indian dialogue. This means that while the contentious issues are being tackled in a piecemeal graduated manner, simultaneously efforts should be made to promote relations on the economic and cultural plane. More multi-faceted contacts between the two countries could generate a wealth of goodwill which would in itself facilitate resolution of the impasse in more contentious spheres. The level of India-Pakistan trade in 1980-81 was a measly $ 100 million for two countries which are neighbours. Sale of 60,000 tonnes of Pakistani pig iron to India has enabled that country to have a favourable trade balance. Mr Natwar Singh recently exhorted the Lahore Chamber of Commerce to help evolve a meaningful trade formula between the two countries. The only such formula can be that trade from both sides should be encouraged through normal private channels. At present the private sector in Pakistan is obliged to channelise its trade with India through the Trading Corporation of Pakistan. It has been decided that an Indian delegation will visit Pakistan shortly to work out the modalities of trade promotion. Such a team should have representatives from the Federation of Indian Chambers of Commerce and Industry who could talk to their counterparts in the Federation of Chambers of Commerce and Industry in Pakistan. India could also offer Pakistan intermediate technology which could not only be dovetailed to that country's need but might also prove comparatively inexpensive. Other spheres where contacts between the countries are sub-normal include railways, communications, tourism and aviation. The proposed joint commission should take up all these questions as well as try to remove mutual irritants like the system of visitors from either country having to report to the police and languishing of Indians in Pakistani jails and *vice versa.*

Interestingly, China has supported the cause of India-Pakistan talks, if one goes by the recent commentaries in the New China News Agency called *Xinhua.* Unfortunately Beijing has diluted the sincerity of its constructive posture by actually using the occasion for a diatribe against the Sovie Union alleging that it is opposed to normalisation of India Pakistan relations. Washington has been officially silent on the talks. Anyhow, whether it is Washington, Moscow or Beijing, Islamabad and New Delhi would do well to keep in minc that any deviation from bilaterlism in the current peace effort would only further complicate matters.

Bank pays damages to customer

A BOMBAY legal decision has awarded a small token amount of damages to a bank customer whose cheque issued on his account in settlement of a trade transaction was returned wrongly by the bank as a result of a mistake by its staff and officers. The customer had deposited cash in his account to meet cheques that were likely to be presented for payment. By mistake the staff and officers thought this deposit was by a clearing cheque. When the payees of customer's cheques claimed payment one of the cheques was dishonoured with a remark that "effects not cleared, please present again". This is usual with bankers and most customers accept this situation reluctantly, as a fact of life and an occupational hazard. The payee eventually got his payment on second presentation and went his own way. He only casually mentioned his experience to the customer. The customer wanted to make a test case. How could the bank return the cheque? He had deposited cash and there were no effects to be cleared. There was a clear balance in his account to pay the cheques he had issued and it was a mistake on the part of the bank to have returned his cheque, even if it was temporarily for a day or two of transition. The non-payment of the cheque had affected his credit standing in the market and disturbed his relationship with the customers. The confidence he enjoyed in the market was shaken. Moreover there was a breach of contract — to pay cheques as long as there was a balance and cheques were valid — on the part of the banker.

Bankers are familiar with all this law and practice of banking. They also know that the return of a large cheque (say for Rs 1,00,000) was less damaging to the customer (people understand that it may take time to arrange for such large funds) than the return of a small cheque (say for Rs 100 or for Rs 4,000 or so on) because people then say, "what sort of business he is running that he cannot even pay such a small sum!" In this particular case, damages awarded by the court against the bank were a token Rs 3,000 only for two reasons. First, payment of the cheque was not firmly denied, a representation was requested and was eventually paid. Second, it was difficult to prove actual damage in terms of loss of business or loss of confidence. Bankers have always known that they would be open to such risks due to their mistakes or negligence. Even customers have known that they can claim damages from the bank for wrongful dishonour of their cheques. But in practice, claims against bankers have been few and far between, due to three reasons. First, most customers do not wish to spoil their good relations with bankers. Second, in most cases the bank soon sets right the mistakes committed by i and customers are reconciled to such eventualities. Third, th most difficult part of the claim for damages is to prove actua damages suffered. In their absence, most customers would ge a token award of damages of Rs 1 or Rs 10 or so, not substantial damages.

For the first time in recent years, this case has brough to the fore the possibility that a banker too has to pay for hi mistakes. It has become all too frequent for the bankers t give credits to wrong accounts, to delay giving credits, to tre a cash deposit as clearing deposit, to delay clearing credit fo three to four days, to take three to six weeks in realising ou station cheques or bills, to hold the funds in transit pipeline even after they have been realised. In the meanwhile the cus tomer suffers. He waits for the proceeds, pays interest on his bi or cash credit limits, does not have scope for further utilis tion of credit limits, since they become choked up with ui realised cheques and bills. Similarly, bankers' liability o negligence is also well determined. Where a customer suffe any actual loss or damage in money, goods or prestige, as result of negligence of his banker, he is entitled to damage Not so crystal clear, but still implied in all this is the liabili for interest. If a customer's funds are blocked up in the bank procedures and are not available to him for utilisation but tl bank holds them (whether it utilises them or not) it has liability to compensate the customer. The customer either pay interest to the bank on his borrowings or loses interest on h own funds. In either case, if he claims interest, the on answer the banker has is mistake or negligence. Even dela will be covered by either of the two.

Bankers should therefore be on guard. They have relie too long on the goodness or the inertia of the customer in tl hope that he will not seek legal remedies against a bank. Ba kers have also relied on a possible defence that the fault li in bank's systems and procedures, methods and practices, in its administrative problems and working styles. But no of these defences is likely to be available to the bankers no Customers, at least some of them, are willing to take up te cases to fix the liabilities for delays, mistakes or negligence bankers. Further still, the courts are likely to take a view th the liability for procedures, practices or administrative pr blems should be on the bank and the customer should n suffer loss either financially or in prestige as a result of ba kers' internal problems.

hadi Commission under Industry Ministry

THE reported move in the Union Government to place the Khadi and Village Industries Commission under the inistry of Industry is a step in the right direction. The ommission, set up under a law of Parliament, is a body harged with the responsibility for promoting the village inustries including khadi, with a view to creating new oppornities for employment of rural manpower found surplus to e existing economic activities, and improving the income of tisans already engaged in these industries. The activities of e Commission constitute an important segment of what may termed as rural development. No doubt it was because this close relationship between the programme for khadi d village industries and the general programme of rural evelopment, the Commission was sometime back put under e charge of the Ministry of Rural Reconstruction.

However, much as the activities of the Commission osely relate to the rural development programme in its genel terms, the task that the Commission has been alloted nder the legal charter, involves more of technological imovement, innovation, promotion, extension and training—hich are directly related to industrial development in genel and have to be coordinated properly with the plan for dustrial and technological development. Several industries oming under the purview of the Commission are also being n by the organised sector units and are very much affected y the latter in the matter of obtaining raw materials as also marketing their products. For example, the khadi sector d the organised textile sector have to obtain cotton and arket their products in competition. This is true of proessing of cereals and pulses, ghani oil, leather, match, non-edible oils and soap, handmade paper, fruit preservation, manufacture of household aluminium utensils and so on. If the Commission is placed under any other ministry the task of coordination becomes more difficult than if the Commission works directly under the Industry Ministry. It is to be hoped that the Government of India would issue the formal orders transferring the Commission to the Industry Ministry without further delay.

The new 20-point programme lays stress on rural development in all its comprehensiveness. In achieving the objective of expanding the employment potential in the rural areas the programme of the Commission can provide meaningful support. The programme thus deserves the support of enhanced financial allocation under the Sixth Five Year Plan. The Planning Commission envisaged that the Commission would be able to mobilise resources to the extent of Rs 1,206 crores during the Sixth Plan, of which Rs 480 crores were to come from the budgetary resources from the Central Government, Rs 320 crores from banks, and Rs 305 crores under the Integrated Rural Development (IRD) Programme. The amount would need to be increased if only to compensate the programme allocation for the price rise. But even otherwise, the allocation needs to be increased so that the programme can be extended to a larger number of areas and people.

Now that the Government has been contemplating reverting the Commission back to the charge of the Industry Ministry it should second a very senior officer—of the rank of secretary—to be personally in charge of Commission's programme so that the Commission receives the right attention at the proper level and decisions can be taken expeditiously.

et another rail tragedy

T is perhaps an irony of fate that the new incumbent-in-charge of the Union Railway Ministry, Mr P. C. Sethi, hould have had to face a grim tragedy within four days of s exhorting the general managers of zonal railways to ensure fety of rail travel and punctuality of trains. The freak accient in the early hours of January 27, in which the New Delhi ound Dakshin Express collided head-on near Agra Cantonent station with the oncoming Jhansi-Itarsi goods train as e latter was just moving out of the marshalling yard, killed persons. But unofficial figures placed the loss of lives at er 200 in what is described as the worst accident in the entral Railway's history. In terms of magnitude it is next last June's disaster when the Samastipur-Banmukhi pasnger train plunged headlong into the Bagmati river in Bihar, lling over 200 people.

Mr Sethi has made the shocking statement that in the se of this accident, most of the rules, including even forations of train, had been clearly violated. The heaviest toll as taken of people travelling, surprisingly enough, in the ailway Mail Service (RMS)-cum-luggage bogie which norally should be at the rear end of the rake, but in this case as placed next to the engine. Secondly, the goods train as to leave the marshalling yard at 3.40 a m while the Dakin Express was expected to arrive at 4.05 a m but the goods ain left the yard 15 minutes late and this fact had escaped the attention of the person who gave clear signal to the express train to come in. Thirdly, the driver of the express train could not make out whether the signal was red or green owing to dense fog at the time. It appears there was also a power failure around Agra and kerosene lamp signals had to be used. No wonder these were too weak to be noticed by the driver. Last, and most important, the train was packed to twice its capacity, each compartment carrying about 300 passengers—the RMS bogie itself was so crowded that five persons were found huddled together in the toilet. That nearly 200 people were travelling in the RMS bogie of the ill-fated express only highlights the anti-social practices indulged in by the railway staff. This is a deep malaise, for which perhaps there is no remedy.

The tenure of Mr Sethi's predecessor, Mr Kedar Pandey, was marked by a series of accidents—some 630 in the later half of 1980 and these rose to 725 during April-December 1981 period. According to Mr Pandey's admission early last month in Patna, at least 50 per cent of the accidents during his tenure were caused by irresponsibility and lack of alertness on the part of the railway staff. It is this aspect which Mr Sethi will have to look into immediately to ensure discipline among his staff with a view to cutting down the number of railway accidents.

LETTER FROM BANGLADESH

High growth, higher inflation

From ZAKERIA SHIRAZI

DACCA

BANGLADESH economy, fed on $ 1,147 million US dollar external assistance during 1980-81, notched up a GDP growth of 6.08 per cent largely offset by 17.06 rise in cost of living index. This was revealed in the annual report, 1980-81, of the Bangladesh Bank published recently. Bangladesh Bank is the central bank and its annual report is said to record the pulse beat of the economy.

GDP during the year increased by 6.08 per cent (at 1972-73 factor cost) up from 2.94 per cent in 1979-80. But this, the report says, was accompanied by liquidity expansion of 27.45 per cent during the year, as against 18.26 per cent during the preceding year. This indicated that imbalance between demand and supply intensified during the year. Reflecting this the cost of living index for the middle class in Dacca moved up from 237.46 in June 1980 to 277.86 in June 1981 (1973-74 = 100) representing an increase of 17.06 per cent during the year as against the increase of 12 per cent in the preceding year. The movement of the sub-indices indicated that the increase was particularly large in fuel and lighting.

The report said that "supply augmentation measures" coupled with favourable weather conditions brought about a significant acceleration in the growth of GDP. The acceleration in growth was particularly pronounced in the agriculture sector. Agricultural production is estimated to have increased by 7.09 per cent during the year as compared with the marginal growth of 1.72 per cent in 1979-80. This performance in agriculture is attributed to remarkable success on the food front. Total foodgrains production was estimated to have increased by 9.49 per cent to 146 lakh tonnes during the year as compared with 2.63 per cent in 1979-80. The marked increase in food production enabled the government not only to reduce the import of foodgrains from 27.78 lakh tonnes in 1979-80 to only 10.60 lakh tonnes in 1980-81, but also to considerably expand its domestic procurement drive. The production of jute, however, declined by about 28 per cent to 47.83 lakh bales.

The growth in industrial sector was also satisfactory. Total industrial output is estimated to have increased by 8.80 per cent during the year as against the projected 8.60 per cent in 1980-81 and the actual increase of 0.17 per cent during 1979-80. The output of some industries like cotton yarn, cement, steel, paper and boards, cigarettes, matches, chemicals, sugar, tea and natural gas registered significant increases in 1980-81. On the other hand, the output of cotton, cloth, newsprint, fertiliser and vegetable products declined.

The report said in this year narrow money increased by taka 451.63 crore or 26.59 per cent to taka 2,150.22 crores, In the preceding year money supply ha increased by taka 209.34 crores or 14.0 per cent to taka 1,698.59 crores. Th large budget deficit and credit expansio to public and private sectors led to thi phenomenal increase in money supply There was deficit to the tune of tak 533.09 crores in the fiscal operation o the government. On the other hand, credit expansion to public and private sectors rose by taka 491.98 crores and tak 453.68 crores respectively. The deficit i the government's fiscal operation occurre mainly due to meeting increased requirement of funds for internal procurement o foodgrains while credit to the public sector expanded mostly due to increase dependence of the Petroleum Corporatio and the Textile Mills Corporation o bank finances for their rising operationa costs. The large increase in credits to th private sector which included agricultura finance reflected higher level of econom activity, the report claims. The abov expansionary influences were, howeve neutralised considerably by the accrua of taka 490.24 crores in time deposi and deficits of taka 451.14 crores in th country's international account.

Broad money increased by tak 941.87 crores to taka 4,372.53 crores i 1980-81 as compared to the rise of tak 529.77 crores in 1979-80. Percentage-wis the increases in broad money was muc higher at 27.45 per cent during the yea under report as against 18.26 per cent i the previous year.

The deficit in balance of payment stood at taka 416.54 crores compared t taka 308.91 crores the previous year. Th

Continued on page 2

Fast declining food stocks

From ZAKERIA SHIRAZI

DACCA

FOOD stocks in Bangladesh are fast declining. The deficit according to the current official estimate is 22.65 lakh tonnes. A report of the Food Ministry estimates production loss due to drought at 13 per cent. The World Bank representative in Bangladesh is quoted as saying that food stocks will have been totally exhausted before the end of March next. While aid is tapering off, the output of crops is declining which may require Bangladesh to purchase from abroad foodgrains worth to $ 200 million.

The Finance Minister, Mr M. Saifur Hahman, said last week that Bangladesh had received a "firm assurance of enlarged food assistance" of about four lakh tonnes to meet the food shortage. He was talking to newsmen at Zia International Airport on Friday after his return from a two-week tour in Europe. Referring to his meetings with the officials of World Food Programme in Rome and the European Economic Community in Brussels, the Minister said that an assurance of 1.90 lakh tonnes of food assistance has been received from WFP and the EEC would supply two lakh tonnes. Last year the agencies had provided 2.5 lakh tonnes. The bulk of this amount is expected to reach Bangladesh by April or May.

Meanwhile the Food Minister, Mr Abdul Momen Khan, addressing ration dealers said all possible efforts were being made for mobilisation of foodgrains to meet shortage and the Government is firm on tackling the situation.

A newspaper report quoting a Food Ministry sources reveals that the system of statutory rationing will be abolished from January 1982 under the pressure of aid-giving agencies. Statutory rationing is at present in force in the cities Dacca, Chittagong, Khulna and Narayanganj. At other places food prices are showing an upward trend.

EDITOR'S NOTEBOOK

Vadilal Dagli

THE decision by Arab and Islamic nations to set up an Islamic Mone- ary Fund in a breakaway bid from the nternational Monetary Fund is a deci- ion that should be applauded by all oor countries because it has a poten- ality to become a third world IMF. lthough, of late, the IMF has shown ome concern for the developing countries has essentially remained a rich world's nancial institution. As a matter of fact, nly six to seven rich countries are the oncern of the IMF. Till recently the MF annual report used to be a report n the economies and balance of pay- nents problems of the industrialised ountries. Lately, this report has been iving some data about the developing orld but there too its interest continues be marginal. So, the Arab decision to tablish an Arab IMF is understandable articularly because surpluses of oil ex- orting Arab countries have increased om $ 19,000 million in 1978 to as high s $ 100,000 million in 1980. These funds re enriching western banks and IMF lso gets some benefit from these Arab rpluses.

But why create only Islamic Mone- ry Fund as indicated by Saudi econo- ist Mr Wadi Ahmad Kabli? Mr Kabli id that an Islamic Monetary Fund ould enable Arab and Islamic nations print a united currency to fight against e "predominance of the dollar and the ound sterling." Mr Kabli also said that ring the next meeting of the IMF, Saudi rabia would concentrate on problems international trade and on the deve- pment of the non-oil producing third orld countries. This would be a mean- gless gesture. It is no use reforming MF. When Saudi Arabia and other rab countries fail to persuade the World ank and the IMF (*i.e.* in fact America d rich western countries) to permit a O representative to be present at the MF meeting, how does the Saudi Gov- nment expect that it could persuade the est to do a more difficult task of open- g its markets for the products of deve- ping countries. If Islam is the criterion, ere are more muslims in India than in ost of the Islamic states and the Arabs ould understand that an Islamic IMF ould create more problems among the rife-ridden Islamic nations. The basis ould not be Islam but underdevelopment. The basis should be exploitation of the poor by the rich world.

★

ALL governments have become reckless printers of currency notes. It is true of the United States; it is true of India and it is also true of a small dynamic country like Israel. Recently the Government of Israel did not extend the term of the Governor of the Bank of Israel, Mr Arnon Gafny, because he said that the cause of hyper-inflation in Israel was ever increasing government expenditure, deficit financing and subsidies. He said that the government's excess demand should be reduced by cutting its spending and by gradual reduction of subsidies on basic consumer goods. It was also pointed out by economists that subsidies on consumer goods in Israel did not benefit the poor but the upper class. This is also our experience in India. Israeli ecoeconomist, Dr Stephen E. Plaut, has narrated a story about a rabbi in the village called Chelm in Israel. The story is a parable which frowns upon excessive government expenditure and deficit financing, Here is the story as narrated by Prof Plaut in an article in the recent issue of *Jerusalem Post*.

"Once upon a time there was a little village called Chelm. All its citizens were very wise. One day a small pile of hay which lay in the corner of the town's square caught fire. The people of Chelm rushed to the rabbi for advice, yelling, "Fire! Fire!"

"The rabbi and his disciple hastened to the scene of the fire and, after much consideration, declared. "Cover the fire with another layer of straw, which will prevent the emission of smoke and soot".

The townsmen were very relieved and followed the advice of the wise sage. They brought in additional straw, piled it on the blaze, and for a few moments the fire really did disappear. But the new straw quickly caught fire, and the blaze was even larger than before. The rabbi commanded that an additional layer of straw be added, but this met the same fate as its predecessor.

"As layer after layer was added, the fire grew stronger. Eventually, the entire town caught fire and burned to the ground.

"Once upon a time there was a little country named Israel whose politicians were all very wise. One day a small inflationary fire was discovered, caused by a bloated government budget and excessive creation of money. The people of Israel ran to the finance minister for advice, yelling, "Fire! Fire!"

"The finance minister considered the problem and after much contemplation, declared: "Cover the inflationary fire with a layer of subsidies". And this was done. The government increased the rate of money creation to pay for the subsidies. And for a few moments, the fire disappeared amidst islolated price decreases.

"But it soon became clear that the government was simply adding inflationary fuel to the fire. And, of course, the fire got bigger and bigger. The finance minister then decided to add even more subsidies, accelerating the inflation still more, until the inflation hit three digits.!"

★

IN Poland the army used to evoke the affection of the people. But after the military takeover of the country for the first time armed personnel are as hated as members of the communist party. Recently a 20-year old worker from Gdensk has smuggled out of the country a heartrending account of the street fighting in Poland between the common man and the solidiers since the imposition of martial law on December 13. I would like to quote these excerpts from his dairy:

Right away, before I even got there I felt something in the air that made my eyes water. I ran into six cops. They had their helmets on and their visors down. I saw their batons were dirty and bent—they had obviously been beating people. They told me to get the hell out of there or they would take care of me.

Then the tanks came. They fired some kind of shells that made a terrible noise. We were frightened but we decided to stop them. We used gasoline and when flames appeared on their engines they were withdrawn. It was a real war.

The radio in Gdnask called it hooligan excesses. All we wanted was to help people who were misled by the government. We are young, but we know what the situation is—all the food lines, the hunger, the breaking of the agreements that Solidarity wanted. The courts are Judases. What the TV says is rubbish. I'm very sorry my country has to be this way. But I've learned a lot of things over the past year. And I don't think I could ever extend my hand to a man in uniform.

Special Reports

Indian economy : How to sustain growth?

CALCUTTA

IN a recent survey of business conditions in India the Indian Chamber of Commerce has come to the conclusion that the Indian economy has shown a definite trend towards revival during 1980-81 and the same positive trend has continued in the first half of the current financial year. In 1979-80, the economy had a negative rate of growth, but in 1980-81 the recovery was fairly strong and the overall rate worked out to 7 per cent. An 18.4 per cent increase in farm production and one of 4 per cent in industry made this strong recovery possible. However, during 1981-82, the rate of growth in agriculture has slumped to a mere 3 per cent, while the industrial production growth rate has gone up to about 10 per cent. Since agriculture still accounts for 50 per cent of the national income, the much lower growth rate in the farm sector has brought down the overall growth rate to only 4 per cent.

The chamber points to the favourable factors in the economy which can not only sustain the tempo of growth but accelerate it further, provided industrial economic and fiscal policies are brought into tune with the requirements of quicker growth. In its view, the time is opportune to create a favourable environment for higher industrial production, sustained efficiency in infrastructure and fresh investment to ensure rapid and continuous growth. The IMF loan can have a stabilising effect on the economy and raise India's creditworthiness abroad, but ultimately, the country must encourage productive investment, including inflow of foreign capital.

Retail prices of essential commodities in Bombay

Compiled by Commerce Research Bureau

Item	Quality	Rs per kg				Percentage variation on January. 1, 1982 over		
		Jan. 29, 1982	Jan. 22, 1982	Jan. 1, 1982	Jan. 30, 1981	A week ago	A month ago	A year ago
Rice	Average	3.80	3.80	3.80	3.00	—	—	26.7
Wheat	Average	3.90	3.90	3.90	2.80	—	—	39.3
Jowar	Average	2.50	2.50	2.50	2.20	—	—	13.6
Bajra	Average	2.50	2.50	2.50	2.20	—	—	13 6
Gram dal	Average	6.00	6.00	6.00	6.40	—	—	—6.3
Tur dal	Average	6.50	6.50	6.50	6.50	—	—	—
Potatoes	Average	2.00	2.00	2.00	2.25	—	—	—11.1
Onions	Average	1.50	1.50	2.50	1.25	—	-40.00	20.0
Milk per litre	Buffalo	5.00	5.00	5.00	4.90	—	—	2.0
Tea	Average	24.00	24.00	23.00	24.00	—	4.3	—
Coffee	Average	18.00	17.50	17.50	17.50	2.9	2.9	2.9
Kerosene per litre	—	1.66	1.66	1.66	1.49	—	—	11.4
Bread (400 grams)	—	1.55	1.55	1.55	1.40	—	—	10.7
Sugar	Average	6.20	6.20	7.00	7.20	—	-11.4	—13.9
Gur	Average	5.00	5.00	5.00	5.00	—	—	—
Groundnut oil	Average	14.50	14.50	15.00	13.00	—	-3.3	11.5
Vanaspati	Average	15.00	15.00	15.00	—	—	—	—
Toilet soap	—	1.95	1.95	1.95	1.90	—	—	2.6
Exercise book (200 pages)	—	2.50	2.50	2.50	—	—	—	—

The survey analyses improvement in the infrastructural facilities to point out that production has picked up in key industries like steel, cement, coal, etc. This improvement in turn has helped better capacity utilisation in industry. Coal production, for example, has shown an increase of 10 per cent over April-September 1981, compared with the same period in 1980. An output of 104 million tonnes in 1980-81 represented a breakthrough and it is now proposed to produce 12 million tonnes in 1981-82. Railway transport also showed improved performance by carrying 104 million tonnes of freight traffic in the first six months of 1981-8 — a 16.2 per cent increase over the sam period in the previous year.

However, prices, foreign trade an finance for the private sector have con tinued to be weak areas in the econom During 1980-81, prices increased by 18. per cent. The increase moderated to 11. per cent during in April-December 198 and the outlook for the rest of the yea does not appear to be adverse. In fac it is now a single digit inflation period i the country and an era of price stabilit may have set in. Such factors as highe agricultural output, larger industrial pro duction and improved infrastructur which have exerted a downward pres sure on prices still continue to operat On top of it all, there is a very larg adverse balance of trade amounting t around Rs 5,000 crores which is exe cising a sharp deflationary effect. Ev though a higher domestic production crude oil will reduce the payments defic import demands of steel, coal, ceme industrial machinery and raw materia are likely to keep the bill very high.

Finance for industry has been posi critical problems, especially workin capital for industry, due to tight cre restrictions. The implementation of t Chore Committee's recommendations h automatically reduced credit availabili by 10 to 15 per cent. Then, the Reser Bank of India has taken a series of me sures like raising Bank rate from 9 to per cent, the cash reserve ratio to 8 p ent and the statutory liquidity ratio to 5 per cent. Banks have also been advised not to lend more to the commercial sector than they did last year, and have to take into account funds raised by companies through deposits and debentures. Both commercial banks and public financial institutions are facing resource constraints, and as such, industry, by and large, is unable to raise resources both for investment and working capital purposes.

Another vulnerable area is power. Already, the deficit on the national plane exceeds 10 per cent, and this may well worsen towards the end of the Sixth Five Year Plan if the rate of addition to existing capacity continues to be as low as it has been during the first two years of the Plan. The eastern region, particularly, has a more serious power problem than the country as a whole. Here the gap between supply and demand is as high as 22 per cent. In West Bengal, the deficit is over 23 per cent and in Bihar it is a good deal worse.

Apparently, the business firms who were covered by the survey attached greater importance to the above adverse factors than to those which are on the whole more favourable to the economy. They felt that business conditions in the first half of 1982 are unlikely to improve and 39 per cent of them were downright pessimistic. Obviously, they were influenced by the recessionary conditions which prevail in a large number of industries including jute, textile, engineering, steel, paper, chemical, electrical goods and cables and wires and electric intermediates.

The forthcoming budget could inject a greater measure of optimism it it provides more incentives for business investments than the 1981-82 budget did. It is held that the reduction in surcharge on corporate taxes from 7.5 per cent to 2.5 per cent was not particularly helpful as the advance payment of the surcharge itself reduced the corporate sector's liquidity by Rs 60 crores. The capital market also did not receive adequate consideration. It has been suggested that more imaginative and pragmatic fiscal and monetary policies need to be followed to stimulate private investment on an adequate scale. The monetary policy also is responsible for recessionary conditions in a wide sector of the economy, and has done practically little to counteract the inflationary pressures which come from the cost-push effect of higher indirect taxation and external factors like higher oil prices. In short, the present credit policy shou'd be reviewed with a view to increasing liquidity to a point where it will match higher levels of industrial and farm productions.

NON-FERROUS SCRAP IMPORTS

Back door canalisation?

BOMBAY

INDIA has been importing non-ferrous scraps for a long time but the tonnage imported has shown considerable increase only in recent years, thanks to a fairly liberal policy adopted by the Union Government in this respect. Imports of copper scrap, according to trade statistics. rose from 4,800 tonnes valued at Rs 5.20 crores in 1978 to 9,745 tonnes (Rs 11.73 crores) in 1979, 11,445 tonnes (Rs 15 crores) in 1980 and totalled about 7,100 tonnes (Rs 10.36 crores) during January-August period of 1981. Imports of brass scrap, which were 9,055 tonnes (Rs 8.13 crores) in 1977 fell to 5,638 tonnes (Rs 4.71 crores) in 1978, but rose sharply to 18,450 tonnes (Rs 10.62 crores) in the subsequent year; these came down to 13,885 tonnes (Rs 13.89 crores) in 1980 and totalled 5,077 tonnes (Rs 6.43 crores) in the first eight months of 1981. Lead scrap imports rose smartly from about 770 tonnes (Rs 22 lakhs) in 1977 and 1978 to 1,710 tonnes (Rs 49 lakhs) in 1979; they somewhat declined in 1978 to 1,200 tonnes (Rs 47 lakhs), but showed a better rate in 1981, having totalled 1,310 tonnes (Rs 55 lakhs) in the January-August period. Nickel silver scrap imports, which were over 2,000 tonnes (Rs 2 crores) in 1978 and 1979, were lower at about 1,200 tonnes (Rs 1.34 crores) in 1980 and displayed a still lower rate in 1981, having amounted to only 310 tonnes in January-August period. Aluminium scrap imports, on the other hand, spurted from 138 tonnes (Rs 11 lakhs) in 1979 to 1,110 tonnes (Rs 82 lakhs) in 1980 and were about 800 tonnes (Rs 72 lakhs) in the first eight months of 1981.

Mr Roshanlal Aggarwal

The question arises: why is there such a large quantum of imports of non-ferrous scraps year after year. Is it because the quality of indigenous scraps is not desirable or there is not enough scrap generated within the country? Scrap consumers, who comprise mostly fabricators, refineries, and rerollers, are inclined to believe that the non-ferrous scrap trade in the country is still not well-organised though the fact is that thousands of tonnages of such scraps are being generated year after year in the wake of tremendous industrial advances made in the country. The quality is, of course, a thing which is observed more in breach than in practice and for this the consumers blame the trade which is still continuing with the traditional methods of manual sorting of scraps. In India there are hardly a dozen or so classifications of scraps as against over 120 in the USA and UK, it is pointed out. So why cannot the trade organise the collection of scrap in a scientific way and adopt mechanisation for classification of scraps on the lines followed abroad. If a particular variety of scrap is supplied by the trade for a particular application, the consumers can save a lot of money since they do not have to reprocess the scrap supplied to them to the grade they desire. But, they do concede that within its limitations the scrap trade is doing a fine job; it would certainly better its image if it organises itself.

However, Mr Roshanlal Aggarwal, president of the Bombay Metal Exchange, the premier body of metal traders and consumers in the western region, does not share the view. He told *Commerce* that the non-ferrous scrap trade was working satisfactorily in spite of all sorts of constraints created by the government decisions. He explained that about 20 years ago scrap imports were under open general licensing system. But the Government began tightening its hold on licences in the wake of the foreign exchange reserves becoming critical year after year. Gradually scrap imports, like those of primary metals, came to be canalised, and relaxations were offered only after persistent representations made by consumers that canalised imports did not serve their purpose. With foreign exchange position improving substantially in the past four years or so, the Government once again permitted scrap imports on OGL, but imposed certain restrictions in early 1981 that such scrap imports by actual users could be made only through export houses. In other words, it was a sort of canalisation—instead of MMTC, export houses were given the authority to import.

Mr Aggarwal said that a curious feature of the present import trade in scrap was that an actual user intending to use imported scrap has to open negotiations himself with the Indian agents of overseas suppliers, fix prices and shipment schedules, open a letter of credit and submit the same to a recognised export house for endorsement. The latter thus rendered no service, yet charged a commission of two and a half to four per cent. And in spite of this there was no guarantee that the scrap imported would conform to the specifications of the user. The solution to this problem, according to him, would be to place scrap imports on OGL and allow anybody, whether an actual user, trader or export house, to import scrap from whatever source preferred. This should lead to a healthy competition among importers and ensure quality of scrap to be imported. Various representations have been made to the authorities to modify the import policy, but Mr Aggarwal doubted if a realistic change would be made.

In this situation, why not organise the indigenous scrap trade and set up a centralised scrap collection and distribution centre? Mr Aggarwal ruled this out on two counts: first, most of the industrial scrap was used at the generating point itself and the market arrivals consisted mainly of household scraps in the form of discarded utensils, sanitary hardware, etc; Second, there were upteen varieties of forms in which scrap was available. The present system under which scrap was sold to a dealer by a housewife or under which the dealer himself went from door-to-door to collect scrap was working fine, and Mr Aggarwal doubted if this system could ever be bettered upon.

In any case indigenous scrap market served only a limited need of the consumer. Imports under OGL would, therefore, seem to be the only solution to consumers who wished to have quality scrap in plenty. However, according to Mr Aggarwal, the Government was discouraging imports by imposing a very high incidence of duties on them. For example, customs duty on copper, brass and nickel silver scraps was currently 80 per cent plus a countervailing duty of Rs 3,300 per tonne. The duty element on other scraps was equally prohibitive. Moreover, there was an anomaly in regard to duty on copper and brass scraps. Primary copper attracted a duty of only 70 per cent. "Does the Government want the scrap user to use primary copper instead of copper and brass scrap?", Mr Aggarwal asked. Moreover, why should it levy a countervailing duty on scrap when it was not a manufactured product but only a result of processing primary or semis metal? Asked about the under-invoicing of imports, Mr Aggarwal conceded this happened occasionally, but the problem could be tackled, he added, by bringing down the incidence of duty. He suggested specific duties instead of *ad valorem* to discourage such malpractices. The Government should also make it obligatory to use scraps only in areas which could do without primary metal, as for example, in pesticides and sanitary fittings.

Potatoes galore

CHANDIGARH

IN both wheat and rice Punjab is a major contributor to the Central reserve of foodgrains. Together with Haryana, it is the country's principal granary. The State has now achieved yet another distinction: with a rapidly increasing area (now estimated at 40,000 hectares—about 7 per cent of its cultivated area) under potato and a highly creditable productivity rate, the State has established a place for itself on the country's potato map. As in most years during the past decade, the State has a glut of potatoes this year too. Even before the second crop of the 1981-82 season has arrived, the markets are full of potatoes.

Trucks and tractor-trollies loaded with potatoes are seen all over the vegetable markets these days. The production this season is put at 8 lakh tonnes against 7.35 lakh tonnes last year, 7.2 lakh tonnes in both 1978-79 and 1977-78, and only 5.8 lakh tonnes in 1976-77. The area under potato was 27,000 hectares in 1976-77,36,400 hectares in both 1977-78 and 78-79; this year there has been an increase of about 4,000 hectares. The productivity is high as compared to other states; adequate care is taken of the crop, thanks to the assistance rendered by the State Department of Agriculture. Another notable factor this year has been the near-total absence of potato crop disease.

The major part of the State's produce is either exported straightaway o sent to cold stores (the number of col stores in the State has risen rapidly, no there are nearly 300 of them and the de mand is growing). The principal mar kets for Punjab potatoes are Mahara shtra, West Bengal, Gujarat, Andhr Pradesh and Delhi (which is also serve by Haryana where, too, the productivit of potatoes is high and the area unde this crop is steadily increasing). In 197 there was a prolonged tussle betwee cold store owners and potato producer over the rate charged for storing pe bag. The rate is now about Rs 15.

The major potato producing di tricts are in Doaba (central Punjab) - Jullundur and Hoshiarpur, where the is no problem of irrigation. Nearly decade ago, special quality potato grown in the famed Jullundur area we despatched to Iran, over the land rou through Pakistan, in stainless steel co tainers carried by trucks. Hundreds Punjab's sturdy and prosperous farme still remember the shining steel pota containers the like of which they had n seen before or since, and they also r member the "good old days" of the la Shah of Iran under whose regime t deals for the best Punjab potatoes we struck at attractive prices. But the av rage quality potatoes grown here are n regarded as the real "table variety" lished abroad.

Occasionally, the potato prices this region "crash" during the peak the season. The latest reports show t this year there has been no "crash" this account so far. The price wh farmers get in the market ranges b ween Rs 45 to Rs 60 per quintal. many cases the deals are struck right the field without the growers having take their produce to the market. certain markets, however, the price rec tly was Rs 40 to Rs 45 per quintal. Sc areas even reported distress sales times.

Many farmers and traders fea further fall in prices with the arrival

Bombay spot exchange rates of currencies as on 2-2-82

(Currency units per Rs 100)

Country	Currency	Selling T.T.D.D.	Buying T.T.clean
Australia	A. $	9.810	10.040
Austria	A. Schilling	176.50	180.60
Belgium	B. Franc	430.50	440.50
Canada	C. $	12 980	13.260
Denmark	D. Kroner	82.90	84 75
France	Franc	64.25	65 75
Hong Kong	H.K. $	63.15	64.60
Italy	Lira	13,500	13,810
Japan	Yen	2506	2560
Malaysia	M. $	24.64	25.17
Netherlands	Guilder	27.73	28 31
Norway	N. Kroner	63.90	65.40
Singapore	S. $	22.50	23.00
Sweden	S. Kronor	61.55	63.00
Switzerland	S. Franc	20.21	20 68
UK	£	5.8415	5 8840
USA	$	10.800	10.910
West Germany	D. M.	25.29	25.83

SOURCE: Syndicate Bank, Foreign Exchange Division, Bombay.

STANROSE

TRANS-
FORM
PRINTS

Stanrose know
how to make you
provocative...
from your lovely neck
to your little ankle —
in a dressy, slim-sy,
saree and dress
material-

TRANSPRINT

For men
and for women.
Stanrose Fashions.

Suitings, shirtings,
sarees, dress materials.

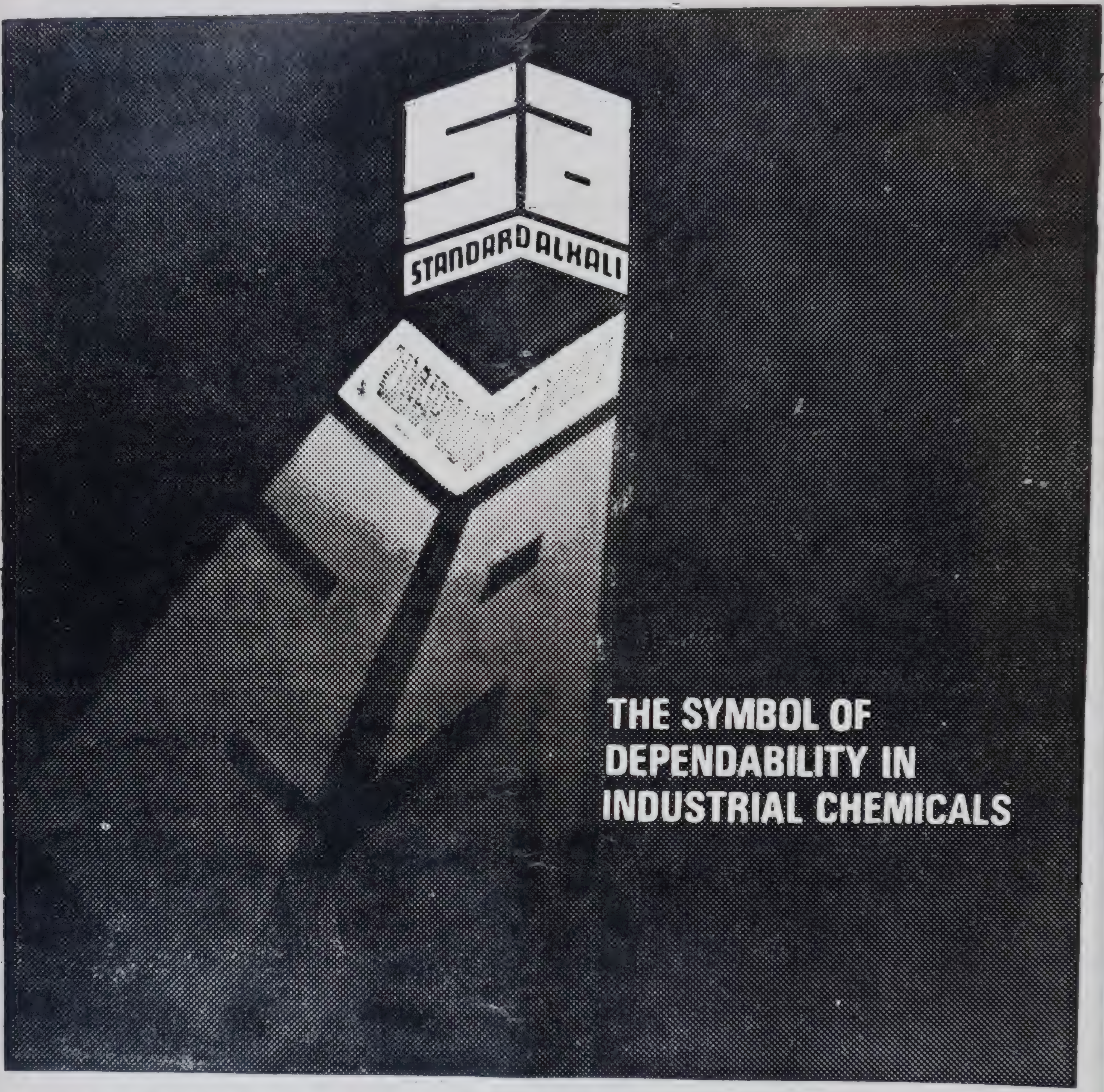
STANROSE
fabrics

Standard
Mills

Mafatlal
Apparel

Surat
Cotton
Mills

everest/81/SM/[illegible]



STANDARD ALKALI

Products on tap from Standard Alkali—Hydrochloric Acid, Caustic Soda, Caustic Potash, Potassium Carbonate, Chlorine, Carbon Tetrachloride and Chloroform.

For over a decade, Standard Alkali's products have been known for their superior quality and competitive prices.

Our customer list includes just about every important name in the industry today.

Coming to think of it, Standard Alkali has become synonymous with dependability.

STANDARD ALKALI

Chemicals Division, The Standard Mills Co. Ltd.,
Mafatlal Centre, Nariman Point, Bombay-400 021.
Tel: 231823—Telex: MGMC IN 11 4240-4241—Telegram: Standchlor

PRESSMAN

the new crop in the next few days. No support price has been announced and the farmers contend that the official agencies should pay greater attention to potato produce. The Community-led Kisan Sabha has demand Rs 70 as the minimum price per quintal. Some experts feel that the farmers' difficulties arise partly from the fact that there are no facilities for processing potatoes and preparing popular food products based on this nourishing "round."

Inspiring green revolution

From PAVAN SHARMA

NAIROBI

TO boost food production in Kenya, President Moi has announced new incentives for farmers, which will take effect from the next harvest.

Two-thirds of Kenya is arid or semi-arid. It is now hoped that the new prices for farm produce will inspire farmers to toil even harder in semi-arid regions. This is the right step in promoting the agricultural sector. What may be needed more over perhaps, is the appointment of official agents or already appointed locational chiefs and sub-chiefs to safeguard the interests of farmers when the agricultural produce is brought to markets for sale. This may also require ensuring purchasing, transporting and storing facilities in time.

President Moi's announcement for substantial price increases can be regarded as a clarion call to farmers for preparing themselves for a green revolution. In his nation-wide broadcast on the 18th republic anniversary on December 12, Mr Moi announced new producer prices for the selected agricultural items. Maize is the staple food of Kenyans. Its price for the 1982 planted crop will go up from 95 shillings to 130 shillings per 90 kg bag at buying centres.

The producer price of wheat will be increased from 160.70 shillings to 195 shillings per 90 kg bag. The price of basmati rice will be increased from 1.70 shillings to 2.70 shillings per kg. Sugarcane will go up from 150 shillings to 170 shillings per tonne. For the first grade cotton the producer price will be raised from 3.60 shillings to 3.80 shillings per kg and from 1.75 shillings to 1.80 shillings per kg for the second grade. Cashewnuts is a major cash crop in the coast province. Its producer price will be increased from 3.50 shillings to 5.50 shillings per kg for average quality nuts and from 2.50 shillings to 3.70 shillings per kg for ungranded nuts.

To encourage the growers of sunflower, the guaranteed minimum produce price for black sunflower seed with 30-34 per cent oil content will be fixed at 80 shillings per bag of 40 kg. For milk producers the new price will be 2.15 shillings per litre, net of cess, instead of 1.85 shillings as at present. In addition a dry season bonus of 30 cents per litre will be paid for milk delivered to Kenya co-operative Cremeries during the first four months of the year. Finally, the producer prices for beef will be increased by 20-30 per cent depending on the quality of the product.

Mr Moi summed up the country's economic situation in the following words: "In both agriculture and industry, we have almost exhausted the easy options for increasing output, incomes and employment. For example, in agriculture we now have to think more in terms of higher yeilds per hectare, and more output from semi-arid areas, than finding fertile virgin land to cultivate. That, in turn, calls for more effort in every sense—in terms of research, capital investment, efficiency in crop and animal husbandry, etc.

"Similarly in the field of industry, and because we have been very successful in substituting imports with local products, the next stage in our industrialisation process calls for more sophistication in terms of more capital incentive industries, higher skills, greater reliance on export markets, and so on. Incidentally, and with respect to the requirement of higher skills, let us recognise that we now have a growing pool of young men and women with upper secondary school education and who are ready for more challenging employment."

Unofficial foreign currency rates in Hongkong

(Hongkong $ as on Jan. 22, 1982)

	High	Low	T.T.
Australian $	6.55	6.42	6.5630
Belgian Franc(100)	14.00	12.50	15.075
Burmese Kyat(100)	25.00	15.00	
Canadian $	4.92	4.82	4.9425
British £	11.10	10.80	10.970
French Frane	1.01	0.98	1.0075
Indian Rupee(100)	53.00	51.00	63.15
West German DM	2.56	2.50	2.5605
Indonesian Rupiah (100)	0.88	0.83	
Italian Lira (100)	4.70	4.40	
Japanese Yen (100)	2.615	2.57	2.6065
Korean Won (100)	0.85	0.80	
Malaysian $	2.61	2.54	2.6030
Netherlands Guilder	2.34	2.28	2.3380
New Zealand $	4.90	4.65	4.8100
Pakistan Rupee (100)	4.30	3.80	5.925
Philippine Peso	0.69	0.66	0.7205
Singapore $	2.85	2.79	2.8530
South African Rand	5.70	5.50	6.1020
Sri Lanka Rupee (100)	30.00	22.00	
Swiss Franc	3.18	3.11	3.1835
Taiwan $ (100)	14.70	14.50	
Thailand Baht (100)	25.50	25.00	

President Moi said: "we must now prepare ourselves for the new stage of development—a stage which calls for, among other things, greater and sustained efforts, modifications in some of our economic policies, more effective management styles in public and private sectors, and greater imagination in dealing with other nations so that we are able to make full use of each development opportunity as it arises."

He also made a few general observations on Kenya's economic policies. "First, whether in the public sector or private sector we must increase efficiency and productivity. For example, it is disturbing and unacceptable to see, in both private and public sectors, so much unused capacity—of plant, materials and manpower. There is no point in undertaking new capital investment like the purchase of machinery and equipment if existing facilities are not already fully employed. These unused capacities represent an opportunity for further development—and it is an opportunity which we must fully exploit."

The creation of the Agricultural Finance Corporation (AFC), the Agricultural Development Corporation (ADC) and the Cooperative Bank are some of the Government's efforts to ensure food for local consumption and export. This year, for instance, the AFC loans granted to farmers for food production were more than 400 million shillings. The money benefited more than 17,000 farmers in the country. This was done through the newly-created seasonal credit scheme. The completion of the estimated 50 million Shillings National Agricultural Chemicals and Fertilisers factory will go towards the manufacture of fertilisers and chemicals, that are vital in food production. The factory, which is scheduled to be launched in 1983, will help Kenya save a lot of foreign exchange when its products will start being manufactured locally.

According to the Government's half-yearly report, Kenya's external trade remained depressed in the first six months of 1981 as compard with the same period last year. The value of Kenya exports fell from £(Kenyan) 253.1 million to £(K) 245.8 million during the same period in 1981. At the same time Kenya's imports decreased from £(K) 426.9 million to £(K) 423.9 million—a healthy sign for the country's foreign exchange reserves. On the imports of petroleum, the report says, the total import value of fuels and lubricants increased by more than 33 per cent while imports of manufactured goods rose by more than 36 per cent. Imports of machinery and transport equipment declined by more than 7 per cent.

The economic report, covering the first six months of 1981, says the value of Kenya's coffee exports decreased by about 16 per cent from last year. Tea exports decreased by 1.5 per cent. The export value of petroleum products increased by 9.5 per cent, but the value of other exports decreased by 1.8 per cent .

Drug units told to export aggressively

BOMBAY

IT is time the drug industry diversified its markets and adopted an aggressive export strategy to tap the vast potential available in the world market, according to Mr Pranab Mukherjee. Addressing the 19th annual celebrations of the Indian Drug Manufacturers Association, he said that it had become necessary to export more value-added items rather than depend heavily on single item for our export earnings. It was equally important to ensure that the manufactured products, whether for exports or domestic use, were of highest quality, especially in a vital sector like drugs and pharmaceuticals. Recent reports about supply of sub-standard dressings in some foreign countries by Indian supplies were unfortunate. "We took prompt action by suspending exports of surgical dressings by the offending parties to ensure that no supplies are allowed to be made till we are fully satisfied about the specifications of quality and methods of testings. The Central and State drug control authorities have also taken steps for stringent enforcement of quality controls", he said.

In order to encourage exports of drugs and pharmaceuticals, the Government was allowing direct import of some of the canalised bulk drugs with replenishment percentage ranging from 40 per cent to 50 per cent. This should facilitate export production of formulations based on these items. Recently, the Government had also issued clarifications to the effect that the ratio parameter of bulk drug production to formulations, as enjoined in drug policy, would not be applicable to that part of production which is exported, subject to the conditions that the manufacturers hold a valid manufacturing licence for the production of that item.

Mr Mukherjee was unhappy that not many applications were forthcoming from the drug industry for setting up of units under the 100 per cent export-oriented scheme. In spite of making commendable progress in diversifying domestic production of bulk drugs and formulations and in attaining greater self-reliance, it was a matter of concern that we still depended upon imports for meeting our domestic requirements in some vital categories of pharmaceuticals, especially bulk drugs. He pointed out that imports during 1978-79 at Rs 62.7 crores were higher by 8.7 per cent over the 1977-78 figures. Increase in imports was specially marked in the case of vitamins anaesthetics.

Mr K. M. Shah, in his presidential address, pleaded for a review of the industrial licensing policy as the foreign controlled companies in the garb of 40 per cent ownership were undermining the interests of wholly Indian companies by marketing common formulations which was neither parent company's original research nor were marketed by them in overseas markets. Unless the official policy encouraged the national sector by restricting the activities of all foreign controlled and affiliated companies to essential products of their original parent research, there would not be much progress by Indian drug industry. Mr Shah wanted the government to reduce import duty on drug intermediates. It was necessary to introduce a measure of flexibility in the pricing of drugs to ensure adequate returns on investment. He also stressed the need to establish a laboratory at Bombay for testing imported drugs so as to reduce the pressure on Central Drugs Laboratory at Calcutta.

Banks neglect gem industry

BOMBAY

BANK credit to the diamond industry is too small. The industry, which has a turnover of Rs 1,000 crores a year gets credit of only Rs 100 crores. The industry should, therefore, open a dialogue with the banks for more credit, according to Mr Abid Hussain, Union Commerce Secretary. In his inaugural address to the seminar on bank finance for growth of diamond exports organised here by the Gem and Jewellery Export Promotion Council (GJEPC), he said efforts to convert diamonds to jewellery which have got underway in the last year and a half should be institutionalised The value added by the diamond industry was 35 per cent.

The industry's profile of courage and ambition should be high; it should use equipment and processes which would give higher added value to the industry. Mr Hussain asked the industry to join hands with the Government in finding more precious stones in the country. Today, Panna was the only diamond-bearing area and industry had to depend greatly on outside supplies. But, there must be other areas in the country, such as Andhra Pradesh, where diamonds could be found. In certain areas of Andhra Pradesh, after each rain, people swept the earth and found stones. Mr Hussain disclosed that the Government had been thinking of setting up a corporation for mining, prospecting and processing precious stones and it looked to the GJEPC for direction.

Describing the diamond industry's performance as commendable, Mr Hussain said that in less than twelve years, the industry had come to occupy a prime position in the country. It now employed 13 lakh people in Western India and maintains its cottage slant. It thus fulfilled some of the national objectives of the country by creating employment, helping money percolate down to the poorer classes and adopting a decentralised pattern of growth. This did not mean that the industry should not improve technologically. The industry would have to develop the skills of workers and improve their quality of life.

Mr R. C. Shah, chairman, Exim Bank said no solution has yet been found for bank finance for the gem industry. Banks do not have adequate finance though buyers are asking for more post-shipment credit. He felt banks could give exporters credit in non-rupee currencies since imports and exports are expressed in US dollars.

Mr Shreyas K. Doshi, chairman, GJEPC said the industry's exports of Rs 519 crores between April-December 1981 were an indication of its growing strength. Exports in 1980-81 were Rs 591 crores and Rs 550 crores in 1979-80. Added value realisation also increased from Rs 133.75 crores in 1977-78 to Rs 203.54 crores in 1980-81. Reviewing the export performance of the industry, he said diamond exports in 1972-73 were only Rs 60 crores and in 1975-76, less than Rs 100 crores. But by 1977-78 they reached Rs 517 crores and in 1978-79 rose to a peak of Rs 693 crores. With such big jumps, it would not be unrealistic for the industry to reach a target of Rs 1,500 crores by 1984-85.

According to Mr Kantilal Chhotalal, a member of the banking, insurance and taxation committee of GJEPC, the industry should be treated as a priority one for bank finance, which, however, should not be linked to equity, but to actual export performance *i.e.* the export proceeds realised in a month. The Chore Committee recommendations should not be made applicable to the export trade and the Reserve Bank of India should refinance the participating banks to the extent of at least 40 per cent of the export earnings of the previous month, for a minimum period of four months.

CHEMICAL INDUSTRY

Negative growth

BOMBAY

THE Indian chemical industry's production index declined last year, the first time since independence, according to Mr P. M. Kavadia, chairman of the Indian Chemical Manufacturers Association (Western Region). He told the annual general meeting of the regional council that progress in the industry had been arrested by infrastructural bottlenecks. The rising cost of plants and machinery made many projects unviable. A shortage of feedstocks and other vital inputs had only made the problem worse. He was, therefore doubtful if the industry would be able to maintain its annual growth rate of 17 to 18 per cent in these circumstances. Investment in chemical industry rose from Rs 300 crores in 1961 to Rs 800 crores in 1966 and Rs 2,200 crores in 1971. Total investment at the end of the Fifth Plan was estimated at Rs 3,200 crores To maintain an annual growth rate of even 10 per cent, an annual investment of Rs 300 crores in the industry would be required and Mr Kavadia doubted if this could be achieved.

A single factor which has interfered most with the industry's growth has been the chronic shortage of power which was 15.4 per cent in the First Plan, 35.7 per cent in the Second Plan, 35.8 per cent in the Third Plan and about 50 per cent in the Fourth and Fifth Plans. Coal production is low and the productivity of the railways has awfully fallen.

On the question of pollution control, Mr Kavadia felt that industry should be associated in drawing up feasible standards. One or two representatives of ICMA should be associated with the Maharashtra Prevention of Water Pollution Board.

In Maharashtra, the alcohol based chemical industries wire now in danger

Continued on page 239

As I see it

Promoting foreigners' understanding of India

RECENTLY Prof Wu Hsiao-Ling, Senior Researcher, Institute of Literature, Academy of Social Sciences, People's Republic of China, was in Bombay along with his wife. Prof Wu and Mrs Shih Su Zhen are both scholars interested in India and Indian culture. In point of fact they had stayed in India at Santiniketan during the mid-forties for a couple of years at the Visvabharati, founded by Rabindranath Tagore. The husband was studying Sanskrit and the wife picked up Bengali, the local language. They returned to India after an interval of 37 years. I was lucky enough to make their acquaintance during my visit to China in 1979. They were, therefore, kind enough to contact me on their arrival in Bombay.

I was curious to know of their impressions about today's India — particularly in the cultural field, as they were men of culture and I am also connected with reading and writing one way or the other. I enquired as to what way the object of their interest in Bombay. Prof Wu, who had staged *Abhignana Shakuntalam* in Peking about a quarter of a century ago told me that he was interested in a person who could tell him something about the stage presentation of the Sanskrit play. *Mrichchakatikam* which he intended to present in Peking in Chinese translation. Since only a few weeks earlier a Calcutta team had presented in Bombay the very same play, I casually enquired if, during his stay in Calcutta, he could meet the director of that play. Prof Wu had apparently not even heard of the name. This made me ask what plays he had seen in Calcutta, which among the cities of India has the most organised permanent stage presenting quite a number of plays regularly. Despite his evident interest in drama he had not seen any play in Calcutta. I was rather struck with amazement which prompted me to ask if they had seen any Bengali film in Calcutta to which also the answer was in the negative.

Mrs Shih Su Zhen had just published the Chinese translation of the first volume of Saratchandra Chatterjee's novel *Srikanta* which sold 85,000 copies immediately on publication. She was interested in Bengali literature. As I was a Bengali she was enquiring of me about the Bengali writers who were currently significant, which led me to ask her whom among the Bengali writers in Calcutta she had met during her current visit. The answer, to which I had by this time grown accustomed, was none.

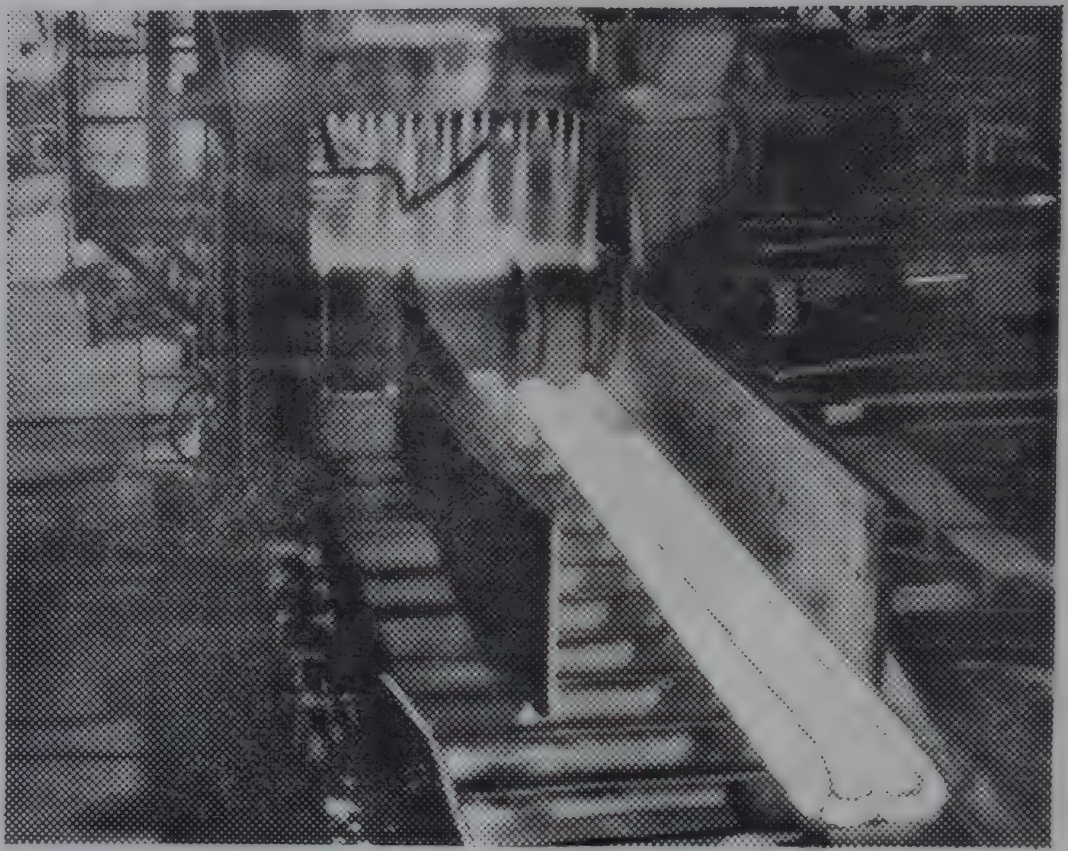
In Bombay their itinerary included seeing a Marathi play at the Chhabildas Hall in Dadar and another Hindi play based on Gogol's "Inspector-General" at the Prithvi Theatre at Juhu. They went to Chhabildas Hall but, in view of the long distance from Ambassador Hotel at Churchgate, where they were staying, to Juhu, and the long time involved in travelling to and fro, they could not make it to the Prithvi Theatre.

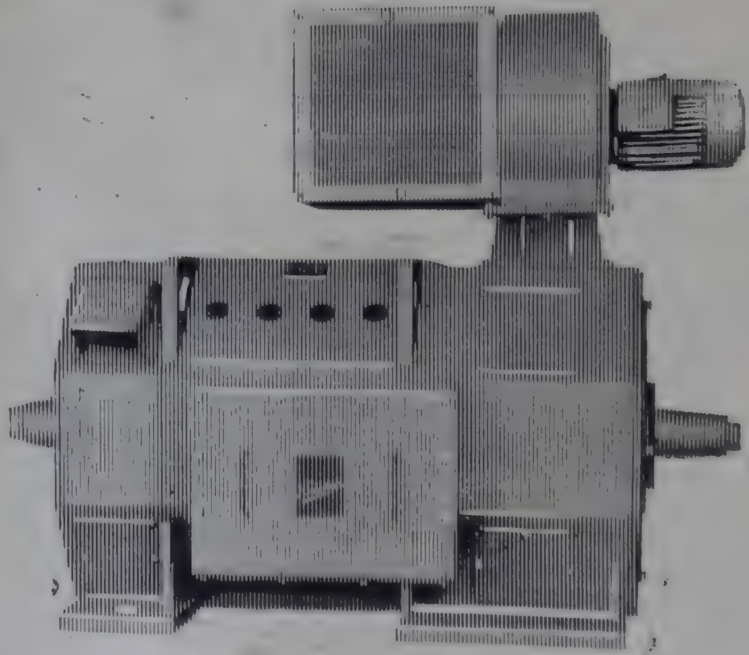
My chance meeting with this scholarly Chinese couple made me ponder over the official arrangements made to attend to visitors from abroad. In so far as the itinerary is fixed by the local unit of the Government of India (in this case the local officer of the Indian Council for Cultural Relations ICCR, for short) the authorities must ask themselves if keeping foreign guests immune from any exposure of contact with the local culture of the places visited by the foreign guests is the best way of promoting understanding between the peoples of India and the other countries. India being multi-lingual and multi-cultural, the necessity of providing the foreign visitors with an opportunity to have an idea of the local culture is far greater in this country than in a unilingual country like, say Germany, Japan or China.

Subhash Chandra Sarker

The Seal of approval from the Steel Industry

KIRLOSKAR ELECTRIC DC MACHINES





800 series Mill Duty DC motors, manufactured by Kirloskar Electric, to AISE standards have won acclaim from users all over India. Over a hundred of these machines, in frame sizes 802 to 818 specially built for steel mills, are in service at renowned plants—Bhilai, Bokaro, Salem, Special Steels and T.K. Steels.

Kirloskar Electric have built the largest mill duty motor in AISE Series, in frame 620 for use in steel mill cranes.

Our mill duty motors are used in—Roller Table drives, blooming and slabbing mills, slitting and shearing lines, coilers and uncoilers in strip, wire rod tube mills and DC cranes, also for Excavators and Mining equipment.

SPECIAL FEATURES:

- 100% overload at top speeds—with black commutation.
- 250% Torque capability at base speeds.
- 15°C temperature rise margin on all the ratings/frame sizes, over limits specified by AISE Standards.

Kirloskar have experience of 15 years in DC Machine manufacture; 36 years of record performance in rotating machines manufacture.

Kirloskar DC Machines are available conforming to National and other International Standards in the range of 1.5 to 750 KW in standard enclosures.

Converting energy for the millions

KIRLOSKAR ELECTRIC CO.LTD

Manufacturing Units: Bangalore • Hubli • Peenya • Mysore

For further particulars please contact our office at:

BANGALORE : Post Box No. 4, Peenya Industrial Area, Phase II Bangalore-560 058. Telephone: 38961
BOMBAY : 302 B, III Floor, Poonam Chambers, Dr. Annie Besant Road, Worli, Pin-400 018 Telephone: 396165
CALCUTTA : 'East Anglia House', 3C Camac Street, Pin-700 016. Telephone 24-0075, 21-2435, 21-2277
MADRAS : 751, Mount Road, Pin-600 002. Telephone: 81425, 89871.
NEW DELHI : 706, VII Floor, 24, Barakhamba Road, Ashoka Estate, Pin-110 001. Telephone: 43549, 42963
AHMEDABAD: 17-20 II Floor Jayendrapuri Bhavan, Ellis Bridge Ashram Road, Pin-380 006. Telephone: 77094

/KEC/82/A2

being priced out because the State overnment had raised transport fee on dustrial alcohol from 17 paise a litre Rs 1.25 and the export pass fee from paise per litre to Rs 2.25.

Adequate availability of molasses d alcohol was likely in the current ar. But, Mr Kavadia said, pressures ilding up to permit exports should be sisted as it would go against the inte- ts of the national economy. The exist- g capacity in the country to distill mol- sses into alcohol was around 770 mil- on litres which would need 35 lakh nnes of molasses. Total molasses vailable in the country would not be ore than 28 lakh tonnes.

Referring to delays in lifting molas- es by distilleries and alcohol by the con- uming industries, Mr Kavadia suggested e Government to create tank farms at elected points in surplus states, to store olasses and alcohol in periods when e offtake is slow. The lifting of alco- ol should be permitted 'under bond', so at the consuming industry pays the ate levy when alcohol is taken up for ctual consumption. The sugar factories hould also build storages for molasses s they have large funds in the Molasses torage Fund Account.

VIRE ROD IMPORTS

ndustry to be onsulted

CALCUTTA

HE steel wire manufacturing industry has been told by Mr A. S. Gill, cretary of the Steel Mines Ministry of e Government of India, that it need t worry about the removal of steel wire d imports from the OGL list and can- sation of them through *SAIL* instead. e new policy has two merits. It checks eculative imports by unscrupulous de elements and brings in the advan- es of bulk buying.

Even if *SAIL* is the canalising ency—and it has been doing a good of contracting supplies at advantage- rates—it will be no more than an porting agency. Issues concerning dis- ution pricing and quality will be de- ed by a committee which will be head- by the Iron and Steel Controller. A resentative of *SAIL* of course will be the committee, but there will be the resentatives of the Directorate Gene- of Technical Development and the port Control wing of the Commerce nistry. Thus *SAIL's* role will be ically that of an importer, and it will influence the volume pattern or value mport in any way. So the steel wire ufacturing industry need have no

---

Money

Corporate funds management

FINANCE managers and controllers of corporate enterprises have responded to credit squeeze in three ways. First they have tried to pass on the squeeze to others — smaller and weaker suppliers or buyers who do not have much choice. Thus large enterprises, or even small enterprises which are in strategic or monopolistic positions have tried delaying their payments to creditors and collecting from their debtors faster, sometimes even asking for advance deposits. Thus trade credit from both sides has taken the place of bank credit in all those cases where the enterprises have the ability to pass on the squeeze on to the other suppliers or buyers.

Their second response to the squeeze has been to find alternative sources of funds: from company deposits, from unsecured borrowings, from the proceeds of bills discounted with private investors and from intercorporate funds. New markets have been developing in these areas and corporate enterprises have not only taken the fullest advantage of these developments — they have also contributed substantially to them.

Their third response has been to raise long-term funds through new issues of shares and convertible debentures for new capital investment projects, expansion or modernisation. These funds are raised at the beginning of three to five year project investment period, and in the meanwhile they are utilised for working capital purposes either by themselves or by others through intercorporate market. In fact, the convertibility date schedules conclusively show that corporate enterprises pay interest on debentures during the period the funds are used for working capital purposes, and convert them into equity to the extent and at the time when they are used for project investments, thus cutting down on interest costs.

Very few of the corporate enterprises have paid attention to a fourth way — that of controlling the internal use of credit. Funds management is a very effective means which brings about better internal disciplines and controls as well as increases profitability and productivity. But it is a hard line and it often hurts. The enterprises have, therefore, taken the lines of least resistance and chosen easier paths. They have not, however, fully realised that all the three means they have chosen for raising funds are highly uncertain and are not very dependable in times of financial crisis. If fears of recessionary trends should materialise, they will find that all the three new sources of funds they have evolved may dry up. When those days come, and credit squeeze is still continuing, there will be no alternative for them but to rely on more effective management of funds.

Internal funds management has four aspects. First is the level of stores, stocks and inventories. All the arguments in favour of the need for large stocks due to non-availability, erratic supplies, bunching of supplies, keeping the production going, rising prices, *etc* notwithstanding, there is still ample scope for managing materials and stores more effectively, efficiently and economically.

Second is the internal billing and collection procedures. The delays in receiving funds arise from delays in billing, not sending bills in time for the current payments cycle of the buyers, not following up with them for allocation of their funds for our bills and so on. Effective billing collection procedures can curtail amounts and time of outstanding bills to less than half.

Third aspect of funds management is the time taken by bankers in collecting local cheques and outstation bills and cheques. Banks' own systems and procedures take time and offer considerable scope for streamlined improvement. But corporate enterprises need not take that task upon itself and wait till that goal is achieved. What they can do is to make special arrangements with banks by offering them securities and guarantees by which the delays and waiting period in outstation collection of cheques and bills is transferred to the bank's account and the funds of the limits of the enterprise are not locked up in bank's internal delays.

S. G. Shah

December 1971

A NEW SYMBOL

WITH AN OLD TRADITION

The new symbol the State Bank of India has adopted stands for an established tradition of the Bank — to extend banking services to the rural areas, to pool idle money and to make it available to those who can use it to the best advantage of the community.

When you first saw this advertisement, you were ten years younger.

This advertisement introduced our new symbol. And expressed our commitment to you and the nation.

Ten years have passed in your life and ours. Our symbol reflects our achievements and aspirations. Our advances to the priority sector have grown from a mere Rs.265 crores in 1971 to over Rs.2600 crores in 1981. Our deposits, from Rs.1502 crores to over Rs.9000 crores. Our offices from 2477 to over 5900.

We are more than a bank. We are a social institution, responsive to the needs of the times. And looking ahead to even closer ties with you

State Bank
Let's come closer

HTB SBI-7652

pprehension about its needs not being et in full at any time.

Moreover, the industry will be conulted while planning imports. It is ven proposed to hand over the distribuon of imported steel to organised and epresentative associations of the indusy provided they show enough responsiility in handling imported stock. In any ase their suggestions would be invited. t may not however be possible to set up committee such as has been suggested y Mr V. K. Modi, president of the asociation, in the course of his presidential ddress at the annual general meeting of he Steel Wire Manufacturers Associaion at which Mr Gill was the chief uest. But whenever the proposed comnittee felt the need for consultation vith the industry, its representatives vould be invited for discussions purely n an advisory capacity.

The steel wire manufacturing industry in the country is already sizable with a total capacity of 1.6 million tonnes in the organised and the small-scale sector taken together. But due to a lack of sufficient raw materials, the capacity has been underutilised and the industry placed, as it is could undertake a measure of exports as the domestic demand has been slack. The industry is already highly diversified and is practically meeting the demands of all sectors of consuming industries including very sophisticated types of products. The raw materials problem arises and often becomes acute as there is one manufacturer of wire rods in the country, namely, Bhilai Steel Plant, which meets only 25 per cent of the requirements. Bhilai being a *SAIL* plant, the industry objects to *SAIL* being the canalising agency for wire rod imports as the producer should not be given the task of monitoring supplies. Moreover, price-fixing being left to *SAIL* in the context of the present policy of taking wire rods out of the JPC discipline, it has not been to the advantage of the industry. It feels that *SAIL* has fixed its prices at an irrationally high level.

There is an obvious anomaly relating to customs duty levy on stainless steel wires rods, the raw material for the industry, and stainless steel wires as a finished product. The former bears an import duty of 80 per cent, while the latter one of 45 per cent. Obviously, domestic manufacturers are placed at a disadvantage when competing with imported stainless steel wires. Mr Gill has recognised the anomaly, and has promised remedial action.

INDIAN ECONOMY: BASIC INDICATORS

By Commerce Research Bureau

WEEKLY INDICATORS

Wholesale Price Index (1970-71=100)

	During the week ended				Percentage variation			
	Jan. 9 1982	Jan. 2 1982	Dec 12, 1981	Jan. 10 1981	Over a week	Over a month	Over a year	Over two years
Manufactured products	263.7	262.6	260.7	257.3	0.4	1.2	2.5	17.1
Primary articles	266.3	265.2	263.7	246.9	0.4	1.0	7.9	23.4
Fuel, power, lubricants etc.	437.5	437.5	437.5	358.4	—	—	22.1	48.1
All commodities	279.5	278.5	276.9	261.5	0.4	0.9	6.9	23.0

Money and Banking

	During the week ended				Percentage variation			
	Jan. 15 1982	Jan. 8 1982	Dec. 18 1981	Jan. 16 1981	Over a week	Over a month	Over a year	Over two years
Money supply (M3) (b) ..	61,596	61,810	60,501	53,605	—0.3	1.8	14.9	35.8
Bank credit	29,688	29,602	28,634	24,578	0.3	3.7	20.8	41.0
Aggregate deposits ..	43,524	43,915	42,528	36,995	—0.9	2.3	17.6	40.3
Foreign exchange reserves(a)	4,185	3,843	4,119	5,272	8.9	1.6	—20.6	—27.5

MONTHLY INDICATORS

	Latest month			Previous month	Percentage variation over previous month	Recent trend(c) (Per cent)
	Unit	Month	Amount/ Index			
Industrial production (crude Index)	1970=100	Nov. 1981	159.0	153.4	3.7	9.4
Exports	Rs. crores	Sept. 1981	456	464(e)	—1.7	1.2
Imports	Rs crores	Sept. 1981	567	941(e)	—39.7	—11.3
Trade balance	Rs crores	Sept. 1981	—111	—477(e)	—	—
Foreign exchange reserves (a)	Rs crores	Dec. 1981	3,940	3,922	0.5	—18.4
Wholesale price Index ..	1970-71=100	Dec. 1981	277.3	279.8	—0.9	10.8
Consumer price Index for Industrial workers ..	1960=100	Nov. 1981	462	460	0.4	13.5
Unemployment(d)	Lakhs	Aug 1981	171.6	170.1	0.9	9.6

ANNUAL INDICATORS

	Unit	1980-81	1979-80	1973-74	Percentage variation In 1980-81 over 1979-80	Annual rate of growth between 1973-74 and 1980-81
Real national Income ..	1970-71=100	136.6(a)	126.7	105.1	7.8	3.8
Real per capita Income ..	1970-71=100	110.9(a)	104.8	98.1	5.8	1.8
Agricultural production	Triennium ending 1969-70=100	132.4	116.5	112.4	13.6	2.4
Foodgrains production ..	Million tonnes	130	110	105.0	18.2	3.1
Industrial production ..	1970=100	154.4	148.1	112.6	4.2	4.6
Exports	Rs crores	6,705	6,459	2,523	3.8	15.0
Imports	Rs crores	12,330	9,022	2,955	36.7	22.6
Trade balance	Rs crores	—5,535	—2,449	—432	—	—
Foreign exchange reserves*	Rs crores	5,316	5,706	764	—6.8	31.9
Money supply (M3) (b) ..*	Rs crores	55,314	46,792	17,571	18.2	17.8
Bank credit	Rs crores	25,270	21,537	7,339	17.3	19.3
Aggregate deposits ..	Rs crores	37.847	31,759	10,139	19.2	20.7
Wholesale prices (average)	1970-71=100	256.6	217.6	139.7	17.9	9.1
Consumer price Index for industrial workers*	1960=100	420	373	275	12.6	6.2
Unemployment(d)** ..	Lakhs	162	143	82	13.3	10.2

Notes: (a) Estimated by Commerce Research Bureau. (b) Includes currency with the public, deposit money of the public and time deposits with banks. (c) Figures indicate percentage change during the current fiscal year up to the latest month indicated as compared with the corresponding period in the preceding fiscal year. (d) Data relate to number of jobseekers on the live register of employment exchange. (e) Indicates figure for June 1981. * Financial year-end data. ** Calendar year-end data. (...) = Not available

PR WORLD CONGRESS

Stress on interdependence

BOMBAY

THE importance of public relations and effective communication in promoting an interdependent world was the theme of the four-day ninth public relations world congress which met here from January 20-23 and was attended by an impressive number of delegates from all over the world.

In his keynote address, Mr L. K. Jha, chairman, Economic Reforms Administration Commission, attributed the communications gap between the industrialised nations and the Third World to the failure of public relations. This contributed to postures of confrontation with North-South deadlocked in at international forums of debate, when interdependence should be taken for granted. Referring to the economic crisis in developing countries, Mr Jha said, the world community must formulate its policies with a full awareness of the implications of interdependence. Though there is a widespread feeling among countries of the North that the "flood of cheap imports" from the Third World is throwing workers out of their jobs in some industries, the South is an important customer of exports from the North. Trade and aid are a two-way traffic.

Mr Wilhelm Haferkamp, vice-president of the Commission of European Communities said, it is important to give precise substance to the new elements in the emerging "new" economic order. The first lesson to be learned is the acceptance of economic interdependence. The second lesson is to admit that interdependence implies shared responsibility. The third lesson is to realise that only wealth, not poverty is to be spread more evenly. There is no chance for a more equitable economic order unless we all succeed in three vital respects: getting away from present zero growth in key economies, reversing the slowdown of world trade and ensuring that no third energy crisis destroys the world economy. He felt the ingredients of a worldwide strategy for economic growth would be to mobilise financial and other untapped reserves for creating wealth. A substantial share of the petrodollar surpluses are swamping the short-term capital markets and this is dangerous. Productive investment requires long-term perspectives.

Mr Sam Black, International Public Relations Association president said, the congress was an opportunity for people to come together to make friendships that endure.

Mr J. J. Bhabha, general chairman of the congress said, public relations is not adequately understood in India. Public relations officers are essentially communicators and communication is a keynote of life. It involves expertise, the knowledge of what to say, when to say it and how to say it. It also demands a knowledge of the recipient.

Mr Sean MacBride, the 1974 Nobel peace prize winner, who was awarded the International Public Relations Association Award for the year, asked public relations people to convey to the rulers of the world that they did not want people to die of hunger and did not want the obscene, insane expenditure on arms. The rulers of the world are spending $ 1,5 billion every minute preparing for war, while millions of people are dying for want of good and medicine. Journalists should organise themselves to protect their freedom, independence and integrity which would come under increas-
ing pressure from governments and bus
ness in future. As chairman of th
UNESCO International Commission fo
the Study of Communications, he sai
that out of 159 UN member countrie
journalists were given adequate prote
tion in only 40 countries.

Sir George Porter, the British Nob
laureate, examined the world energy pr
blem in the context of interdependenc
He said, the two inexhaustible sources
energy for man on earth are the ma
made nuclear fusion reactor and nature
fusion reactor—the sun. Some renew
able forms of solar energy might so
become economically competitive a
there are good prospects for intensifyi
research on solar energy collection a
storage.

Mr B. G. Verghese, the only India
associated with the MacBride Commi
sion on the new information order sa
communication should bring down ba
riers among nations. Many nations
South East Asia hardly knew their neig
bours because there is no proper co
munication. A better information ord
is necessary to ensure economic develo
ment.

Mr Tim Traverse, a fellow of
Royal Society of arts, London said, P
men should concern themselves with
question whether their career is helpi
to solve a human dialogue problem,
present a true picture and to create
better end result for the greatest numb

CAPITAL ISSUES
Law and Methodology
K. R. JAVERI
Advocate & Former Secretary, TISCO

Deals in depth with the law and procedures relating to the issue of capital
Topics include bonus and rights shares, allotment, issue of debentures etc
Appendices include all relevent legislation, guidelines and model resolutions

Will be useful not only to the corporate executives and lawyers, but to merchant bankers, brokers, financiers and all connected with public issues

Rs. 60

N. M. TRIPATHI PRIVATE LTD.
164 SHAMALDAS GANDHI MARG, BOMBAY-2

High growth, higher inflation

Concluded from page 230

report emphasised that the efficiency, pr
ductivity and financial management
most public sector enterprises should i
prove and added that austerity should
practised and efforts should also be ma
to raise efficiency of tax administration
well as strengthening savings scheme.

Significantly, the *Bangladesh Eco*
mic Survey, 1980-81, another key doc
ment published by the Ministry of F
ance, gives an even more flattering p
ture of growth. According to this surv
the growth of GDP in the year under
port has been 7.06 per cent. How to
concile this discrepancy is a question t
currently exercises the minds of eco
mists.

Whatever the precise figure of G
growth, it can hardly cause any eupho
among official circles. Current year's p
blems are intensifying. But monsoon a
shortfall in foodgrains output, backl
in the export of jute goods, low out
in most public sector corporations a
foreign aid uncertainties haunt the e
nomic scene.

INDIAN DYESTUFF INDUSTRIES LTD.

IDI

MAFATLAL CENTRE, NARIMAN POINT, BOMBAY - 400 021
Phone . 23 46 43 Cable : NAVICET Telex : 11 3089 IDI IN

MANUFACTURERS OF

NAVINON VAT DYES
NAVIDON INDIGOID VAT DYES
NAVICET DISPERSE DYES FOR ACETATE/NYLON
NAVILENE DISPERSE DYES FOR POLYESTER
NAVICTIVE REACTIVE DYES
NAVIFAST PIGMENT POWDERS
NAVITEX PIGMENT EMULSIONS
DYE INTERMEDIATES
ALUMINIUM CHLORIDE ANHYDROUS
HYDROSULPHITE CONC. BT

SAHYADRI DYESTUFFS & CHEMICALS offer Intermediates and Dyestuffs

MALACRYL DYESTUFFS

ranging from Yellow to Black

for added confidence in dyeing and printing on acrylic fibres

- high colour value
- good build-up
- good solubility

INK BLUE

BASIC DYESTUFFS

- Auramine O
- Malachite Green
- Methyl Violet 2B
- Rhodamine B

PURIFIED BASES

- Rhodamine B
- Methyl Violet 2B

ALCOHOL SOLUBLES

- Auramine OF
- Rhodamine B

INTERMEDIATES

- N, N-Dimethylaniline
- Diethyl meta amino phenol
- Resorcinol

SAHYADRI DYESTUFFS & CHEMICALS
DIVISION OF MAFATLAL INDUSTRIES LIMITED
Mafatlal Centre, Nariman Point, Bombay 400 021 (INDIA)
Tel.: 232822 Telex: 11 4240 MGMC IN Cable: SAHARVIND

CORPORATE SECTOR

In the market

Vardhaman Spinning and General Mills

Vardhaman Spinning and General Mills Ltd (Regd Office: Chandigarh Road, Jamalpur Awana, Ludhiana 141 011) is offering to the investors on February 9, 1981 two lakhs convertible debentures of Rs 100 each carrying interest at 13.5 per cent and totalling Rs 2 crores. The issue will close on February 19 or earlier but not before February 11. The proceeds of the issue, managed by ICICI, will augment the working capital requirements for a programme of modernisation and diversification.

Mr Shree Paul Oswal, chairman and managing director of the company, explained to newsmen in Bombay that the Vardhamans was a multi-activity group. It had a licensed and installed capacity of 50,000 spindles for manufacture of cotton and synthetic yarn. It had also acquired second-hand machinery comprising 1,200 woollen spindles and 1,600 worsted spindles. Besides, it operated a mini steel plant and a rolling mill at Faridabad with respective capacities of 35,000 tonnes and 25,000 tonnes. Vardhaman promoted in 1973 Mahavir Spinning Mills Ltd which was now yielding handsome profits. Very recently it promoted yet another company, Shreyans Paper Mills Ltd.

Mr Oswal said that in the six months ending December 1981, the turnover had amounted to about Rs 28.5 crores and he expected the figure for the full year ending June this year to reach Rs 60 crores. In fact, turnover had been consistently rising, from Rs 13.32 crores in 1976-77 to Rs 51.35 crores in 1980-81. The gross profit had gone up from Rs 67 lakhs to Rs 5.06 crores in 1980-81 and Mr Oswal expected the profitability to be maintained around that figure in the current working year, too.

Banswara Fabrics

Banswara Fabrics Ltd (Regd Office: Industrial Area, Dohad Road, Banswara 327 001) is entering the capital market on February 15 with a public issue of 2 lakh equity shares of Rs 10 each, totalling Rs. 20 lakhs. Proceeds of the issue, fully underwritten and managed by the merchant banking division of the State Bank of India, will provide part of the funds required for a Rs 2-crore project at Banswara for installation of 72 artsilk powerlooms and one texturising plant for manufacture and texturising of synthetic yarn.

One aspect important from the investors' point of view is that the project is already on trial production and commercial production is scheduled to begin by April next. As Mr R. L. Toshniwal, chairman of the company, said, the company was promoted by textile technologists who had earlier successfully promoted Banswara Syntex Ltd and Banswara Textile Mills Ltd. With a ready outlet for its products, the company should earn sufficient profits within a reasonable period to reward the investors, Mr Toshniwal said. According to him, expected turnover at full capacity would be Rs 5-6 crores annually.

Automobile Corporation of Goa

Automobile Corporation of Goa Ltd, a joint venture of Tata Engineering and Locomotive Co Ltd and Economic Development Corporation of Goa, Daman and Diu Ltd, is entering the capital market on February 18 with a public issue of 11.50 lakh equity shares of Rs 10 each, totalling Rs 1.15 crores. The company is licensed to manufacture 7,200 tonnes of automobile pressed parts/components and is committed to supply 80 per cent of output to Telco. The Rs 7-crore project is in an advanced stage and commercial production is expected to begin by June next. The issue is managed by J. M. Financial and Investment Consultancy Services Private Ltd.

According to Mr R. R. Borkar, a director of the company, Telco will provide free training to ACGL technicians and also supply initially the required raw materials and dies. In the first year of operation, 67 per cent capacity utilisation was expected, which should go up to 85 per cent in the second year and 100 per cent in the third. At full capacity, turnover was expected at Rs 12 crores and about 22 per cent of this should accrue as gross profit before depreciation but after tax. Mr K. R. Mondkar, chief executive officer of Telco, said that Telco was expanding in a big way and wished to diversify its sources of supply of ancillaries. The reason it went to promote a separate company to make pressed components was that heavy investment was required for the same. As Telco would continue to expand, he did not rule out the possibility of more such joint ventures being formed in future.

Indian Sewing Machine Co

In order to achieve Indianisation of its organisation under the FERA rules, Indian Sewing Machine Co Ltd (Regd Office: 207, Dadabhoy Naoroji Road, Bombay 400 001) is offering to investors on February 10 a total of 5 lakh equity shares of Rs 10 each, aggregating Rs 50 lakhs. The issue is managed by the merchant banking division of Chartered Bank.

The company will cease to be a subsidiary of the Singer Company on completion of the Indianisation, but will continue to draw upon the technical assistance of the latter and use the Singer trademarks on its products, according to Mr M. K. Soman, managing director of the company. He said the company did not have any manufacturing facilities of its own, but was getting the Singer products manufactured by local manufacturers, including those in the small-scale, to designs and specifications supplied by it. After Indianisation the company should be in a position to exploit opportunities to diversify and expand its operations. At present, it was primarily engaged in the marketing of household and artisan sewing machines and their cabinets, tables and stands, needles, knitting machines, and their parts and components. The company had already introduced electric irons to the market and was planning to introduce mixers in the near future. Mr Soman said there was a demand for more than a million machines of all kinds. His company had about 15 per cent share of the market. According to Mr J. M. Rajaratnam, a director of the company, there was export potential for 3.5 million machines, but not even half of this was available to Indian manufacturers.

Siddhartha Super Spinning

Siddhartha Super Spinning Mills Ltd (Regd Office: 401 Gagandeep, 12

Rajendra Place, New Delhi 110 008) will enter the capital market on February 9, 1981 with a public issue of 17 lakh equity shares of Rs 10 each, totalling Rs 1.7 crores. The subscription list will close on February 19 or earlier but not before February 12.

As Mr Hem Chandra Jain, a textile technologist and chairman-cum-managing director of the company, told newsmen in Bombay, the proceeds will partly finance the cost of a Rs 6.70-crore project at Nalagarh in Himachal Pradesh, which consists of 16,184 spindles for the manufacture of cotton and synthetic yarns in various counts and blends. This will be the first spinning mill in the organised sector in that State, and will meet the requirements of about 1,700 handloom and powerloom units. Part of the output will also be supplied to units in the neighbouring states of Punjab and Haryana.

One plus point in favour of the project is that it is almost complete and production was scheduled to begin by the end of last month. Mr Jain expects sales in the first full year of working to reach Rs 9 crores. The break-even point will be 60 per cent.

Mahesh Agricultural Implements & Steel Forgings

Mahesh Agricultural Implements & Steel Forgings Ltd (Registered Office: Old Motor Stand, Itwari, Nagpur 440 008) is offering for public subscription at par 4.75 lakh equity shares of Rs 10 each totalling Rs 47.50 lakhs. The subscription list will open on February 15 and will close on February 25 or earlier but not before February 18. The company was incorporated as a private company in August 1974 and was converted into a public limited company in September 1981. It manufactures steel forged products.

B. D. Khaitan

B. D. Khaitan & Company Ltd (Registered Office: 23-A, Netaji Subhas Road, Calcutta 700 001) has offered for public subscription at par 1.50 lakh equity shares of Rs 10 each totalling Rs 15 lakhs. The subscription list which opened on February 5 will close on February 15 or earlier but not before February 8. The company is dealing in pesticides and fertilisers.

Punjab Anand Batteries

Punjab Anand Batteries Ltd (Regd. Office: A-9 & 10, Industrial Estate, SAS Nagar (Mohali), Dist. Ropar, Punjab), is offering one lakh 13.5 per cent secured debentures of Rs 100 each for cash at par, the subscription list for which will open on February 10 and close on February 20 or earlier but not before February 12. The debenture holders will have a right to receive two equity shares of Rs 10 each at par as early as three months after allotment of the debentures. The proceeds will be utilised for financing partly the Rs 2.48-crore project being set up for the manufacture of 3 million zinc silver oxide button cells per annum in technical collaboration with Toshiba Battery Co, Japan. Commercial production is expected to commence by July 1982.

Other developments

Colour-Chem to diversify further

The dyestuff industry worldwide has been passing through difficult times for the last few years and this situation is expected to continue for some time more. Naturally, Indian dyestuff industry also cannot remain aloof from the world impact, though a major portion of the industry's problems arises from the unrealistic policies adopted by the Union Government, said Mr K. R. V. Subrahmanian, managing director of Colour-Chem Ltd, at a press conference recently in Bombay. He added that the Government was taking steps which were not at all in the interest of the industry.

Mr Subrahmanian said that the company was now in its silver jubilee year and had planned for further diversification into those varieties of chemicals required by the leather, paper and other industries. Hitherto the company was depending on the textile industry for hundred per cent offtake of its production, but now only 70 per cent of output went to textile industry, 15 per cent to pigments, 5 per cent to rubber and plastics and 10 per cent to intermediaries. There was a crippling levy of excise duty—31.5 per cent on dyestuffs and 42 per cent on textile binders—and this had particularly hit small units with turnover of Rs 15 lakhs or so, because they did not have to pay any duty on the first Rs 7.5 lakhs of turnover, but on the remaining amount they were required to pay a whopping 75 per cent of basic duty.

Colour-Chem has come a long way since its inception in 1956. With a turnover of over Rs 50 crores in the year ended March 1982, the company today ranks as a trusted supplier of an exhaustive range of pigments, dyestuff and chemicals. Its licensed capacity has grown to 4,486 tonnes of synthetic organic dyestuff, pigment dyestuff and dispersions; 9,900 tonnes of synthetic resin binders and auxiliaries; 10,492 tonnes of intermediates for dyestuff and pesticides; 520 tonnes of acetic anhydride; and 2,000 tonnes of acrylic esters. The pre-tax profits rose from Rs 7 lakhs in 1960 to Rs 1.02 crores by 1970 and to Rs 4.66 crores by 1980-81. The debt equity ratio came down to 0.87 : 1 by March last year, while reserves have grown to Rs 7.08 crores even after capitalisation of Rs 6.69 crores from time to time. The company is now engaged in further expansion on completion of which its turnover will rise to Rs 65 crores at current price levels.

Seminar on infrastructural requirements

The All-India Association of Industries, Bombay, will hold a seminar on infrastructural requirements for industrial growth at Hotel Oberoi on February 20, 1982. The seminar, to be inaugurated by Mr S. B. Chavan, Union Minister for Planning, will attempt to assess various infrastructural facilities in the country at present, estimate the likely growth in this field, identify problems affecting infrastructure and suggest practical long-term and short-term remedial measures. The keynote addresses on transport, energy and communication will be delivered, respectively, by Mr M. Menezes, Mr M. S. Patwardhan and Mr N. T. Taskar.

Precision Bearings' new plant ready

Precision Bearings India Limited has completed its expansion plan for producing an additional 2 million ball bearings a year, before schedule. The additional production which was to begin in January 1982 but actually commenced in December 1981 will thus effect a saving of Rs 70 lakhs for the company out of a total expenditure of Rs 6.80 crores. The new plant means a 75 per cent increase to the company's initial capacity of 3 million ball bearings a year. The company will also be diversifying into the production of re-railing and rescue equipment. It has received an order from the railways for supply of components worth Rs 25 lakhs in the current year.

The company's production in 1980-81 was worth Rs 11.50 crores. Sales volume at Rs 11.85 crores exceeded the previous year's figures by

1.5 per cent. Sales would have been igher but for the availability of heap imports. These imports are ailing because of the Government's urrent restrictive policy.

The company is also undertaking a programme of replacing old machines. By the end of 1982, 14 machines will be replaced at a cost of Rs 2.30 crores.

Bajaj Tempo : Sales rise

Sales of Bajaj Tempo Ltd for the year ended September 1981 increased to Rs 56.83 crores from Rs 51.28 crores in the previous year. The net profit, after providing Rs 1.33 crores (Rs 1.05 crores) for depreciation, was Rs 7.98 crores (Rs 7.12 crores). The equity dividend recommended for the year under review is 18 per cent. An amount of Rs 68.29 lakhs (Rs 56 lakhs) is transferred to investment allowance reserve.

Excel Industries : Dividend down

Sales of Excel Industries Ltd for the year ended September 1981 increased to Rs 20.92 crores from Rs 15.91 crores in the previous year. The net profit, after providing Rs 1.01 crores (Rs 94.89 lakhs) for depreciation, was Rs 78.24 lakhs (Rs 37.60 lakhs). The equity dividend recommended for the year under review is 16 per cent (10 per cent). An amount of Rs 49.48 lakhs (Rs 9.89 lakhs) is transferred to general reserve.

Gujarat State Fertilizers

Gujarat State Fertilizers Company Ltd has produced 5.77 lakh tonnes of fertilisers during the year 1981 which works out to 81.49 per cent of the total installed capacity of its plants. Despatches were 6.09 lakh tonnes (5.10 lakh tonnes).

Bajaj Auto to expand

Sales and other income of Bajaj Auto Ltd for the half year ended December 1981 amounted to Rs 40.01 crores compared to Rs 49.45 crores for the half year ended December 1980. Production of scooters was 48,475 numbers (68,419 numbers) and that of 3-wheelers was 6,863 numbers (11,039 numbers). The company has already applied to the Government of India for expansion of its licensed capacity by 3 lakhs vehicles per annum at a capital cost of Rs 99 crores.

Gujarat Co-operative Milk Marketing Federation : Sales rise

Gujarat Co-operative Milk Marketing Federation Ltd has reported sales of Rs 139 crores in 1980-81 recording a rise of 11 per cent over the previous year. A number of factors accounted for the higher turnover : increased sales of Nutramul (malted-beverage) and chocolates, and the price increase made to offset the rising cost of inputs. The Federation could not, however, successfully cope with all the demands placed on it. Priority was given to the liquid milk requirements of various Gujarat districts/cities, as well as the city milk schemes of Bombay, Calcutta and Delhi. This necessitated curtailed production of butter and other milk products.

The Federation has opened a full-fledged office at Patna and representative offices at Kanpur, Indore and Gauhati, bringing to 14 the total number of offices and depots. At the district union level, various development projects are under way. These were approved under the Operation Flood-II programme of the Indian Dairy Corporation, in consultation with the National Dairy Development Board. The IDC so far released a sum of Rs 6.25 crores. Further funding awaits the adoption by the district unions of the model byelaws for co-operative unions, as required by the IDC.

Forthcoming company meetings

FEBRUARY 6 TO FEBRUARY 12

CRESCENT DYES AND CHEMICALS LTD, Rabindra Sadan, Cathedral Road, Calcutta 700 016. **(February 9, 10.30 a.m.)**

INDIAN OXYGEN LTD. Main Hall, Bengal Chambers of Commerce & Industry, Royal Exchange, Calcutta 700 001. **(February 9, 11 a.m.)**

VOLTAS LTD, Patkar Hall, SNDT Women's University, 1, Nathibai Thackersey Road, Bombay 400 020. **(February 10, 3.30 p.m.)**

EMPIRE JUTE COMPANY LTD, 8, Old Court House Street, Calcutta 700 001. **(February 11, 10.30 a.m.)**

DEPARTMENT OF ATOMIC ENERGY

Narora Atomic Power Project

Tender Notice No. NAPP-1, 2/PE (E)/TS-2A/50000/NS/82 : Sealed tenders are invited upto 3 p.m. on 1.3.82 by the Chief Project Engineer, Narora Atomic Power Project, P.O. Narora, District Bulandshahr, Uttar Pradesh from approved and eligible class I Electrical Contractors having adequate experience.

Name of Work : **Section-A :** Installation of electrical and associated equipment, supply of specified materials, installation of cable pans/trays, cables, grounding system, lighting protection system etc. at the Narora Atomic Power Project Units 1&2.

Section-B : Supply of specified materials and installation of lighting and receptacle system, P.A. and Intercom system, smoke detection and fire alarm system etc. at the Narora Atomic Power Project Units 1&2.

Place of work : Narora, District Bulandshahr, Uttar Pradesh, about 150 Kms from both Delhi and Agra. Estimated cost : Rs. 106,00,000. Earnest Money : Rs. 20,000/-.

Period of completion : (a) 30 Calendar Months from the date of placement of order for Unit-I. (b) 42 Calendar months from the date of placement of order for Unit-2. Security Deposit : Rs. 1,00,000/-.

Two copies of tender document along with five copies of Part-III (Form of Tender) can be obtained on written request during office hours upto 5 p.m. on all working days upto 18.2.82 on furnishing details of experience and permanent account number of Income Tax and on payment of Rs. 2500/- (non-refundable) in cash or money order to Pay and Accounts Officer, NAPS, P.O. Narora, District Bulandshahr, Uttar Pradesh, Pin : 202 397 or by Demand Draft drawn in favour of P&AO, NAPS payable at State Bank of India, NAP Narora Branch from the office of the Chief Project Engineer, Narora Atomic Power Project, P.O. Narora, District Bulandshahr, Uttar Pradesh, Pin : 202 397

Tender drawings obtainable on depositing Rs. 1000/-. This amount is refundable to the unsuccessful tenderers, provided they return the drawings in good condition.

davp 645(443)/81

Financial analysis of operations of non-financial companies

Compiled by Commerce Research Bureau

(Rs lakhs)

Name of the Company	Bharat Bijlee		Hindustan Brown Boveri		Indian Cable Co.		Jyoti		Kelvinator of India	
Industry Group	Electrical goods		Electrical goods		Electrical goods		Electrical goods		Electrical goods	
	Year ended June		Year ended April		Year ended March		Year ended March		Year ended June	
Item	1980	1981	1980	1981	1980	1981	1980	1981	1980	1981
Liabilities (at the end of the year)										
1. Net worth (i+ii)	402.6	489.6	1,018.9	1,176.5	1,137.4	1,192.6	561.3	626.1	437.2	617.9
(i) Paid-up capital (a+b)	136.7	171.3	440.0	440.0	628.9	628.9	250.0	250.0	147.0	175.0
(a) Equity	106.7	141.3	400.0	400.0	628.9	628.9	225.0	225.0	147.0	175.0
(b) Preference	30.0	30.0	40 0	40.0	—	—	25.0	25 0	—	—
(ii) Reserves	265.9	318.3	578.9	736.8	508.5	563.7	311.3	376.1	290.2	442.9
2. Borrowings (i+ii)	488.2	546.5	796.1	1,084.8	1,214.0	1 470.7	699.3	940.0	304.4	392.6
(i) Long-term	104.6	71.8	50.2	10.3	257.3	256.1	117.7	181.9	76.9	155.9
(ii) Short-term	383.6	474.7	745.9	1,074.5	956.7	1,214.6	581.6	758.1	227.5	236.7
3. Non-current liabilities and provisions	—	—	—	—	—	—	—	—	—	—
4. Current liabilities and provisions	315.2	485.5	1,549.8	1,823.8	583.3	744.2	566.7	864.9	661.8	875.9
Assets (at the end of the year)										
5. Gross fixed assets	508.5	602.6	945.0	1,052.5	1,532.2	1,678.1	647.7	848.2	534.9	709.7
6. Less depreciation	178.5	206.0	353.3	381.0	874.1	938.0	338.1	388.2	218.7	281.0
7. Net fixed assets (5—6)	330.0	396.6	591.7	671.5	658.1	740.1	309.6	460.0	316.2	428.7
8. Current assets (i+ii+iii)	874.0	1,123.0	2,773.1	3,413.9	2.276.6	2,667.4	1,473.2	1,916.5	1,080·9	1,446.3
(i) Inventories	543.4	685.1	1,283.2	1,384.3	1,414.2	1,648.8	714.8	830.6	696.7	1,106.4
(ii) Receivables and loans and advances	323 7	411.4	1,454.5	1,981.1	807.0	941 1	701.8	1,015.5	289.4	282.5
(iii) Others	6.9	26.5	35.4	48.5	55.4	77.5	56.6	70 4	94.6	57.4
9. Other assets	2.0	2.0	—	—	—	—	44.5	54.5	6.5	11.4
Total: Liabilities (1 to 4) or Net assets (7 to 9)	**1,206.0**	**1,521.6**	**3,364.8**	**4,085.4**	**2,934.7**	**3,407.5**	**1,827.3**	**2,431.0**	**1,403.4**	**1,886.4**
Value of production and other income										
10. Sales/income net of excise duty, discounts and selling commission	1.802.4	2,140.8	3.418.8	3,917.9	4,279.5	4.869.1	2,391.2	2.953.4	2,653.6	3,259.3
11. Increase in stock of finished goods and work in progress	74.1	110.2	73 2	33.4	42.5	310.9	2 3	125.0	44.5	410.5
12. Value of production (10+11)	1,876.5	2,251.0	3.492.0	3,951.3	4,322.0	5.180.0	2,393 5	3 078.4	2,698.1	3,669.8
13. Other income	7.3	22.1	196.7	154.3	13.3	29.3	42.3	71.7	8.6	14.1
Expenditure										
14. Materials, stores and other mfg. expenses	1,311.8	1.493.5	2.490.3	2.664.6	2,787.4	3,288 5	1,513.2	1,987.4	1,822.5	2,480.7
15. Current repairs	5.5	8.8	30.1	34.5	82.0	132.3	20.6	27.6	32.2	52.8
16. Salaries and wages	270.5	319.9	343.9	407.8	605.7	673.4	423.2	492.2	109.9	241.3
17. Welfare expenses	35.1	56.8	78.8	109.1	46.8	59.5	21.8	27.0	23.6	30.7
18. Managerial remuneration	—	—	—	—	2.6	2.7	0.7	0.6	3.9	4.2
19. Other expenses	76.7	134.0	245.2	282.9	295.8	353.7	153.8	189.6	167.3	249.9
20. Depreciation	19.8	28.6	37.9	43.6	67.5	67.4	43.6	54.0	35.4	63.6
21. Other provisions	—	—	—	—	—	—	—	—	—	—
22. Operating profit (12+13)—(14 to 21)	164.4	231.5	462.5	563.1	447.5	631.8	258.9	371.7	430.9	560.7
23. Interest	64.8	93.8	117.2	174.4	168.9	209.7	126.2	190.6	67.9	112.4
24. Tax provision	53.0	66.3	182.0	166.0	160.5	262.0	63.1	85.0	236.0	272.0
25. Profit after tax (22—23—24)	46.6	71.4	163.3	222.7	118.1	160.1	69.6	96.1	127.0	176.3
Appropriations										
26. Dividends (i+ii)	18.9	24.5	67.4	71.4	88.0	106.9	33.9	36.1	22.0	35.0
(i) Equity	16.0	21.2	64.0	68.0	88.0	106.9	31.5	33.7	22.0	35.0
(ii) Preference	2.9	3.3	3.4	3.4	—	—	2.4	2.4	—	—
27. Profit retained (25—26)	27.7	46.9	95.9	151.3	30.1	53.2	35.7	60.0	105.0	141.3
Total: Value of production and other income (12+13) or Expenses and appropriations (14 to 22)	**1,883 8**	**2,273.1**	**3,688.7**	**4,105.6**	**4,335.3**	**5,209.3**	**2,435.8**	**3,150.1**	**2,706 7**	**3,683.9**
Operational indicators (per cent)										
(a) Net worth/total net assets	33.4	32.2	30.3	28.8	38.8	35.0	30.7	25.8	31.2	32.8
(b) Inventories/net sales	30.1	32.0	37.5	35.3	33.0	33.9	29.9	28.1	26.3	33.9
(c) Operating profit/net sales	9.1	10.8	13.5	14.4	10.5	13.0	10.8	12 6	16.2	17.2
(d) Operating profit/total net assets	13.6	15.2	13.7	13.8	15.2	18.5	14.2	15.3	30.7	29.7
(e) Profit after tax/net worth	11.6	14.6	16.0	18.9	10.4	13.4	12.4	15.3	29.0	28.5
(f) Equity earning/equity capital	41.0	48.2	40.0	54.8	18.8	25.5	29.9	41.0	86.4	100.7
(g) Equity dividend	15.0	16.0	16.0	17.0	14.0	17.0	14.0	15.0	15.0	20.0
(h) Equity dividend coverage. (No. of times)	2.7	3.0	2.5	3.2	1.3	1.5	2.1	2.8	5.8	5.0
(i) Paid-up value per equity share (Rs.)	100.00	100.00	100.00	100.00	10.00	10.00	100.00	100.00	10.00	10.00
(j) Market price of an equity share (Rs.)	232.50	243.39	257.50	293.75	29.50	24.93	130.00	202.8 6	34.50	52.21
(k) Gross yield	6.5	6.6	6.2	5.8	4.7	6.8	10.8	7.4	4.3	3.8
(l) Gross fixed assets formation	4.7	18.5	16.9	11.4	6.7	9.5	16.9	31.0	32.1	32.7
(m) Debt/equity	0.26:1	0.15:1	0.05:1	0.01:1	0.23:1	0.21:1	0.21:1	0.29:1	0.18:1	0.25:1

NOTES : .. Category not applicable ... Amount/Percentage is negligible — Amount is nil N.Q. Not quoted N.A. Not available

The profit figures shown in the above statement have been calculated by making, wherever necessary additions or deductions of various items so as to show the true profit pertaining to the particular year on a uniform and comparable basis. Similar adjustments are sometimes made in other items also. Totals may not add up due to rounding off.

EQUITIES

Renewed selling

Bombay, January 30

There was no abatement last week in the selling pressure which was in evidence during the past two weeks on the local stock exchange. UTI and LIC unloaded shares in Century, Tata Steel and ACC. Although equities came in for short-covering and replacement support at lower levels, the improved rates again encountered profit-taking. As a result, losses were widespread. Activity was far from satisfactory and the undertone remained weak.

The marketmen and investors continued to toe a cautious line following the change in the Finance Ministry. Selling by financial institutions cautioned investors further. The continued labour unrest in the major industry—textile—in Bombay also restrained investors from fresh buying. Delay in the announcement of the expected partial decontrol of cement prompted selling in cement shares. There were also rumours that all cement companies might not benefit from the partial decontrol. The benefit may vary from company to company if it is linked to capacity utilisation.

Century faced fresh selling following the disappointing working results for 1981. The price was immediately marked down by Rs 20 to Rs 920. The scrip again came in for short-covering and replacement support and rallied to Rs 944. The share, however, could not hold the best rates for long on scattered profit-taking and the price receded to Rs 939. There was no fresh selling in Standard. Morarjee, Bombay Dyeing and Ahmedabad Advance lost further ground.

Khatau and Kohinoor, however, invited bargain-hunting and staged a recovery by Rs 5 to Rs 230 and by Rs 4 to Rs 49, respectively. Cement shares, which were in the limelight since the turn of the new year, attracted profit-taking. ACC yielded Rs 10 at Rs 280 and Digvijay Rs 5 at Rs 205. Tata Steel dropped further by Rs 7 to Rs 335, TELCO by Rs 6 to Rs 664 and PAL by Rs 16 to Rs 356. Shipping shares again became the sellers' target. G.E. Shipping and Scindia lost further ground. Gwalior Rayon, Hindustan Motors, NRC and Tata Chemicals, however, offered tough resistance to selling.

The cash section also followed suit with sellers predominating the market.

THE WEEK'S PRICE RANGE

(Compiled by Commerce Research Bereau)

	Closing quotations 23 1 82	High	Low	Closing quotations 31-1-82
CLEARED SECURITIES	Rs.	Rs.	Rs.	Rs.
Textiles				
Ahm. Advances (100)	180 00	175.00	170.00	175 00
Bombay Dyeing (25)	69.50	73.00	68.50	69 00
Central India (50)	50.00	50 00	48 00	50.00
Century (100)	940 00	940.00	917.00	939.00
Dawn (50)	61.00	63.00	61.00	63.00
Elphinston (50)	50.00*	—	—	50.00*
Finlay (100)	88.00	95.00	85.00	92.00
Gokak (100)	202.00*	—	—	202.00*
Gwalior Rayon (10)	56 25	57.25	55.50	56.75
Khatau (100)	225.00	235 00	222.50	230.00
Kohinoor (100)	45.00	49.00	45.00	49.00
Morarjee (100)	200.00	200.00	195.00	195.00
National Rayon (100)	310 00	315.00	310.00	315.00
New Great Eastern (100)	77 00	—	—	77.00*
Phoenix (100)	38 00	—	—	38.00*
Podar (10)	7.50	—	—	7.50*
Shreeniwas (100)	85.00	—	—	85.00*
Simplex (50)	63.00	63.00	62 00	63 00
Standard (100)	336.00	343.00	333 00	338.00
Svadeshi (100)	168 00	168 00	166 00	168.00
Swan (100)	190 00*	190.00	175.00	190 00
Tata Mills (25)	26.00	—	—	26.00*
Electric				
Ahmedabad (100)	95 00	95 00	94 00	95 00
Andhra Valley (100)	103 00	104 00	103 00	104 00
B.Suburban (100)	126 25	126 25	125.00	126 25
Tata Hydro (100)	107 00	108 00	107.00	108 00
Tata Power (100)	112 50	113 00	111 00	112 00
Steel				
Mukand (10)	30 00	31 50	29 25	29 75
Tata Steel (100)	342 00	349 00	331 00	335 00
Engineering				
Larsen & Toubro (10)	54 00	55 00	52.50	53 25
Tata Eng. & Loco (100)	670 00	675 00	658.00	664.00
S.L.M. Maneklal (100)	155 00	155 00	152.50	155 00
Voltas (100)	248 00	248 00	244.00	247.00
Walchandnagar (10)	28 50	28 00	26 00	26.00
Dyes & Chem				
Amar Dye-Chem (100)	125 00	125 00	120 00	120 00
Indian Dyestuff (100)	200 00	200.00	192.00	196.00
Polychem (50)	55 00	55 00	52 00	54.00
Tata Chemical (10)	52 00	55 00	51 50	53 75
Shipping				
Great Eastern (10)	33 75	34 50	31 50	32 25
Scindia (20)	17 85	18 25	17.50	17 50
Cement				
A.C.C. (100)	290 00	287 00	271 00	280 00
Shree Digvijay (100)	210 00	207.50	205 00	205 00
Sugar				
Maharashtra (50)	44.00	43.00	42 00	42.00
Phaltan (50)	30 50	31.00	30.00	31 00
Miscellaneous				
Bombay Burmah (25)	44 50	40 00	37 00	37 00
Hindustan Motors (10)	29 25	30 75	29 25	30 25
Premier Automobiles (100)	372 00	374 00	353 00	351.00
Pre. Construction (50)	110 00	120 00	118 00	119.00
Sirpur Paper (10)	21 00	21 50	20 75	21.50
Tata Oil (25)	60 00	60 00	57.00	58 25
W. Coast Paper (100)	95.00	95.00	95.00	95 00
Wimco (10)	13.50	13.50	13.25	13.50
NON-CLEARED SECURITIES				
Textiles				
Baroda Rayons (100)	439.00	440 00	424.00	425.50
Century Enka (100)	580 00	600 00	560.00	600.00
Garware Nylons (10)	42 50	43 00	42 00	42 00
Gold Mohur (100)	92 00*	—	—	92 60*
Indian Rayon (10)	86 00	88.00	85 00	86 50
J. K. Cotton (10)	15 50*	15 50	14 00	14 00
J. K. Synthetics (10)	62 75	63 00	62 00	62 50
Lakshmi Vishnu (100)	59 00*	53 00	55 00	56 00
Mafatlal Fine (100)	217 00	217 50	210 00	212 50
Mafatlal Industries (125)	370 00	370 00	363 75	366.25
Modella Woollen (10)	9 25	—	—	9 25*
Nirlon (10)	40 00	40 00	38 00	38.50

	Closing quotations 23 1 82	High	Low	Closing quotations 31-1 82
NON-CLEARED SECURITIES	Rs.	Rs.	Rs.	Rs.
Textiles				
Raghuvanshi (100)	122 50	—	—	122.50*
Raymond Woollen (10)	57 00	56.00	55 50	56 00
Reliance Textile (10)	122 50	122 00	119 00	119 50
S. I. Viscose (100)	227 50	227.50	225.00	227 50
Stretch Fibres (10)	9.50	—	—	9 50*
Swadeshi Polytex (10)	16.25	16 50	16.00	16 25
Electric				
Amalgamated (10)	6.75*	7 50	6.75	7 50
Surat (100) ...	100.00*	101.00	100.00	100 00
Cement				
Mysore Cement (10)	35.00	36.50	35.00	36 50
Saurashtra Cement (100)	120.00	—	—	120 00*
Paper				
Andhra Paper (100)	177.50	177.50	170.00	167 50
Bhadrachalam (10)	16.00*	14.00	13.75	13 75
Jayant Paper (100)	135 00	135.00	130.00	135 00
Rohit (100)	215 00	—	—	215.00*
Steel, metals, alloys				
Ennore Foundries (10)	38 00	—	—	38 00*
Ferro Alloys (100)	262 50	262 50	257.50	262 50
Hind Aluminium (10)	45 50	47.00	46.00	46 50
Khandelwal Ferro (100)	127 50	—	—	127 50*
Mahindra Ugine (10)	57.00	60 00	57.00	57 00
Tata Yodogawa (100)	120.00	—	—	120 00*
Engineering				
Associated Bearings (100)	402 50	401.25	396 25	396 25
Bimetal Bearings (10) ...	29 50	28.50	27.50	28 50
Blue Star (10)	33 50	33.50	32 25	32.75
Elecon Engineering (10)	38 00*	37.50	35.50	36.00
Gujarat Steel Tube (100)	370.00	360.00	300.00	300 00
Hindustan Brown (100)	285 00xr	—	—	285 00xr
Ingersoll-Rand (10) —	144.00	141 00	135.00	140 00
Jyoti (100) ... —	195 00	195 00	182 50	182 50
Kamani Eng. (10)	80.00	80.00	78.00	80 00
Kirloskar Cummins (100)	655 00	667.50	655 00	660 00
Kirloskar Oils (10) ...	24 50	24 75	24.25	24.75
Kirloskar Pneumatic (10)	44 75	45.00	43.76	43 75
Mahindra (10) ... —	55 00	57.00	54.00	55.00
New Standard (100) —	102 50	102 50	100.00	102 50
Sandvik Asia (100) —	351 25	355 00	350 00	355 00
Vulcan-Laval (10) —	31 50	31 50	30.75	31 50
Zenith Steel (10) —	50 00	50 00	49 00	49 50
Cables & Elec.				
Asian Cables (100) —	210.00*	197.50	190.00	193 00
Bajaj Electricals (100) ...	170.00	—	—	170 00*
Crompton Greaves (100)	353 75	350.00	347 50	347 50
Otis Elevator (10) —	26 50	29.00	27.50	29.00
Siemens India (10) —	61 00	62 00	60.00	60.00
Chemicals				
BASF (10) ... —	40 00	40.00	38.00	39 00
Bayer (India) (100) —	200.00*	200.00	192 50	192 50
Chem & Fibres (10) —	22 50	22.50	22 00	22 50
Colour-Chem (100) —	180 00	187.50	180 00	187 50
German Remedies (10)	27 00	27.75	27.00	27 75
Gujarat State Fert. (100)	473 00	480.00	468 00	472 00
Hindustan Lever (10) —	51 50	51.50	50.00	50.50
Indian Organic (10) —	80 00	81.00	80 50	80.50
National Organic (100)	187.00	191.00	184.00	188.00
Pfizer (10) ... —	24 00	24.00	23.50	23 75
Polyolefins Ind. (100) —	317.50	320.00	300.00	317 50
Sandoz (10) ... —	27 50	27.50	26.50	27.00
Synthetics (100) —	81 00	82 00	80.00	82.00
Warner-Hindustan (10)	21 50	21 50	21.00	21.00
Zuari Agro (10)... —	24 00	24.25	23.75	24.00
Miscellaneous				
Bajaj Auto (100)	1540 00	1540.00	1375.00	1425.00
Bombay Oxygen (100)	115 00	117.50	115.00	117.50
Cadbury (10) ... —	20 50	20.50	20.00	21.60
Camphor & Allied (100)	195 00	200.00	187.50	197.50
Ceat Tyres (100)	195 00	205.00	195.00	197 50
Colgate-Palmolive (10)	137 00	139.00	135 00	139 00
Empire Industries (15)	26 00*	—	—	26 00*
Fibre glass (10) —	16 75	16.75	16 00	16 50
Gammon India (10) —	20 50	21.00	19 75	20 50
Hindustan Ferodo (10)	33.50	39.00	39.00	39 00
Hoechst Dyes (10) —	26.50	26 50	26 00	26 50
Indian Hotels (10) —	89 00	87 00	85.00	87 00
Motor Industries (100)	430 00	430 00	423 75	423 75
Tata-Finlay (10) —	12.25	12 50	11.75	12.00

Notes : Figures within brackets indicate the paid-up value of shares. xd—Ex—dividend, cd—Cum-dividend, xr—Ex—right, cr—Cum—right.

(a) An asterisk mark after the quotation indicates the closing prices of the last official trading and not of the date indicated in the columns.

(b) The dash (—) in the columns for 'High' and 'Low' means that no official trading in the share had taken place during the period

HINDUSTAN BROWN BOVERI LIMITED

NOTICE

IT IS HEREBY NOTIFIED for the information of the public that Hindustan Brown Boveri Limited proposes to give to the Central Government in the Department of Company Affairs, New Delhi a notice under sub-section (1) of Section 21 of the Monopolies & Restrictive Trade Practices Act, 1969 for substantial expansion of its activities. Brief particulars of the proposal, are as under :

i) Name (s) of person (s) body corporate owning the undertaking. : HINDUSTAN BROWN BOVERI LIMITED

ii) Capital Structure of the applicant undertaking. :

		Rupees	Rupees
AUTHORISED			
40,000	8.57% Cumulative Preference Shares of Rs 100 each	4,000,000	
400,000	Equity Shares of Rs 100 each	40.000,000	
360,000	Unclassified Shares of Rs 100 each	36,000,000	80,000,000
ISSUED AND SUBSCRIBED			
40,000	8.57% Cumulative Preference Shares of Rs 100 each fully paid up	4,000,000	
400,000	Equity Shares of Rs. 100 each fully paid up	40,000,000	44,000,000

iii) Details of the proposed substantial expansion —

(a) i) Names of new goods to be produced, supplied, controlled or distributed or of new services to be rendered. : Thyristor Controlled AC/DC Systems for Industrial Drives upto 500 HP.

ii) Capacity : 200 Nos. per annum

iii) Location of the project : Village : Maneja
Tehsil : Baroda
District : Baroda
State : Gujarat

iv) Brief outline of the cost of the project, the scheme and sources of finance. : (a) Estimated cost of the project —

Land	:	Existing	
Building	:	Rs 1.00	Mio
Machinery	:	Rs. 0.90	Mio
Margin for Working Capital	:	Rs 0.93	Mio
Total		Rs 2.83	Mio

(b) Scheme and sources of finance—. The project will be financed from the internal generation of funds.

(b) In the case of substantial expansion of existing activities :
- i) Names of goods :
- ii) Capacity before expansion :
- iii) Expansion proposed :
- iv) Location of the project for substantial expansion :
- v) Brief outline of the cost of the project, the scheme and sources of finance. :

} Not applicable

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

Registered Office :
Brown Boveri House,
264-265, Dr. Annie Besant Road,
Bombay 400 025.
Dated this 1st February, 1982.

for and on behalf of
Hindustan Brown Boveri Limited
S. R. DIVATIA
SECRETARY

ESCORTS TRANSMISSIONS LIMITED

Registered Office: Escorts House, Roshanara Road, Delhi—110 007.

NOTICE

It is hereby notified for the information of the public that Escorts Transmissions Limited proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi under Sub-section (2) of Section 22 of the Monopolies and Restrictive Trade Practices Act, 1969 for approval for the establishment of a new undertaking for the production, supply, distribution or control of Crank Shaft Assemblies with an annual capacity of 30,000 Nos. Other particulars of the proposed new undertaking are as under :—

(I) Name of the proposed undertaking. : Escorts Transmissions Limited

(ii) Name(s) of the person(s) or authority/authorities proposing to establish the new undertaking. Where it is a body corporate furnish details of its Management Structure together with those of the proposed undertaking. : Escorts Transmissions Limited which proposes to establish the new undertaking is managed by the Board of Directors comprising of the following

1. Mr. Rajan Nanda, Chairman
2. Mr. Pratap Chand
3. Mr. Ravinder Narain
4. Mrs Sheila Pasricha
5. Maharaja Amrinder Singh
6. Mr. Madan Agarwal
7. Mr. S.D.S. Mongia
8. Mr. Charanjit Singh
9. Mr. R. F. Kewalramani

		(Rs. lacs)
(iii) Capital structure of the applicant person or authority and of the proposed undertaking	Authorised capital	100.00
	Issued, subscribed and paid-up capital	48 21

(iv) Proposed location of new undertaking. : Faridabad (Haryana)

(v) Brief outline of the cost of the project, the scheme and source of finance. : The capital cost of the project is estimated at Rs. 364 15 lakhs. It is proposed to finance the project partly by retained earnings of the Company and partly by borrowings in accordance with such prescribed rules and procedures as may be applicable.

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, under advice to the Company, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

for ESCORTS TRANSMISSIONS LIMITED,

(CHARANJIT SINGH)
DIRECTOR

Dated this 28th day of January, 1982

COMMODITIES

Cotton prices decline sharply

Bombay, February 1

With no takers for cotton, the prices have further declined sharply in the spot market at Sewri. Cloth production has received a severe setback following under utilisation of capacity either on account of the strikes of textile workers or other forms of labour unrest or even due to power inadequacy. There is an indefinite strike by the textile workers in Bombay. In Kerala too, the majority of the mills are not working. Out of the 13 mills, whose production had been suspended on account of bonus dispute, nine are closed. With the tight rope-walking now on in politics, millowners in Kerala are apprehensive whether any settlement would be possible in the near future.

Known for their characteristic recalcitrance the workers in Kerala keep on demanding higher and higher bonus irrespective of the state of the mill industry there as revealed by the audited balance-sheets. Violence and vandalism are indulged in causing damage to machinery, weakening the position of the mills there to restore normal working. Even the supply of electricity and water to staff quarters is cut to frustrate the efforts of the management to resume office work. The issue of bonus has indeed become a bane for the textile units in Kerala which have to get their raw materials from outside the State and seek markets for their cloth and yarn, mostly across the borders of the State.

On account of the continued power interruption, production in textile mills in Tamil Nadu is expected to be lower by 25,000 bales per month, according to the Southern India Mills' Association (SIMA). The State might lose Rs 30 lakhs per month by way of sales tax. SIMA has estimated that the production loss for Kerala mills, on account of the strike of over 100 days, would amount to Rs 10 crores while the revenue loss for the Centre and State would be Rs 10 lakhs, the wage loss for the labour being put at Rs 1.45 crores.

In view of the pronounced demand recession, a number of mills have been obliged to offer discounts to stimulate the offtake. This has, in fact, adversely affected the sale of controlled cloth by the NTC mills. The discount given by the private sector mills would appear to have reduced the competitive position of controlled cloth. Already, on account of the revision of the scheme, from only last year, there had been an accumulation of stocks worth Rs 25 crores.

The NTC (Gujarat) has, in the meanwhile, found a novel way out of the present crisis in the textile industry. It has entered into an agreement with the Gujarat State Co-operative Consumers' Federation for selling its stocks of controlled cloth. The varieties are mainly needed by the vulnerable sections of the community.

The following has been the trend of prices of some of the leading cotton varieties.

(Rs per candy

	December 29	December 22
Kalyan	3,800-3,825	3,900
Saurashtra CO2	4,150	4,200-4,400
Sankar 4	5,200-5,350	5,200-5,350
MP Y1	4,450-4,500	4,500-4,600
MP Varalaxmi	4,700 4,800	4,800-5,000
MCU 5 Guntur	5,000-5,100	5,100-5,200
H4	5,250	5,600

Jute goods gain

Calcutta, February 1

The prices of jute goods have slightly edged up in response to the publication of satisfactory data relating to mill stocks and production of goods at the end of December last year as published by the Indian Jute Mills Association. The total stocks at 119,900 tonnes,

UTKAL MACHINERY LIMITED

NOTICE

It is hereby notified for the information of the public that Utkal Machinery Limited, Kansbahal (Orissa) proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi under sub-section (2) of Section 23 of the Monopolies & Restrictive Trade Practices Act, 1969 for approval to its Scheme of Amalgamation with Larsen & Toubro Limited. Brief particulars of the scheme are as under:

1. **Name and address of the applicant undertaking:**
Utkal Machinery Limited,
Kansbahal
Dist. Sundargarh—Orissa 770034.

2. **Management structure of undertaking proposed to be amalgamated**
Utkal Machinery Limited is managed by a Managing Director under the supervision and control of the Board of Directors. The Directors are :

i)	Mr. N. M. Desai	.. Chairman
ii)	Mr. A Binder	.. Vice Chairman
iii)	Mr. S. P. Kashyap	.. Managing Director
iv)	Mr. H. Holck-Larsen	.. Director
v)	Mr. B. G. N. Patel	.. Director
vi)	Mr. S. Kumarasundaram	.. Director (ICICI Nominee)
vii)	Mr. K. S. S. Mani	.. Director
viii)	Mr. D. L. Pradhan	.. Director
ix)	Mr. E. Danner (Mr. D. S. Mulla—Alternate Director)	.. Director
x)	Mr H. C. Sethna	.. Director

3. **Capital structure of the undertaking proposed to be amalgamated**

Authorised Capital	.. Rs. 50,000,000/-
Issued Capital	.. Rs. 35,900,000/-

4. **Present activities of the undertaking proposed to be amalgamated**
Utkal Machinery Limited is engaged in the manufacture, sale and erection of steel plant equipment, pulp and paper plants, crushing and screening plants, hydraulic equipment, metallic recuperators, heavy duty steel plant cranes, ore preparation plants and foundry products.

5. **Reasons, in brief, for the proposed amalgamation**
The main object of the proposed amalgamation is to combine the resources of Utkal Machinery Limited and Larsen & Toubro Limited with a view to optimise their utilisation, effect internal economies and improve efficiency.

6. **Details of the exchange ratio/consideration proposed for shareholders /creditors etc., of the amalgamated undertaking**
1625 Equity Shares of Utkal Machinery Limited of the face value of Rs. 10/- each will be exchanged for 1000 Equity Shares of Larsen & Toubro Limited of the face value of Rs. 10/- each at par and credited as fully paid up. The shares of Larsen and Toubro when allotted shall be deemed to have been allotted retrospectively as on 1st April, 1981. The shareholders of Utkal Machinery Limited will not however be entitled to any bonus shares which Larsen & Toubro Limited shall allot and issue to its shareholders pursuant to the resolution passed at its 36th Annual General Meeting held on 28th August, 1981 for which the consent of the Controller of Capital Issues has already been obtained as this bonus issue has already been taken into account in arriving at the exchange ratio.

Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi within 14 days from the date of publication of this Notice intimating his views on the proposal and indicating the nature of his interest therein.

Registered Office:
Kansbahal, Dist. Sundargarh
Orissa 770034.

(B. G. N. Patel)
DIRECTOR

disclose a decline of 11,300 tonnes compared with those of the previous month.

All categories of constructions barring other manufactures have shared the drop. Hessian has declined by 1,700 tonnes to 41,900 tonnes and sacking by 9,200 tonnes to 48,200 tonnes presumably due to shipments to the Soviet Union. While stocks of carpet backing are slightly lower by 500 tonnes to 15,600 tonnes, those of other manufactures at 14,200 tonnes disclose a rise of 100 tonnes. The decline in stocks if particularly encouraging considering that total output has increased to 97,800 tonnes during December from 95,100 tonnes in November last year. Except production of carpet backing which has fallen to 5,400 tonnes from 6,700 tonnes the output of all other constructions has picked up.

As far as the fibre is concerned, trading is listless because most of the stocks with farmers are said to have been disposed of. There is no change in the price as current supplies largely comprise superior grade for which scattered mill interest is evident.

Oilseeds : Sagging trend

Bombay, February 1

A sagging trend continued in the oilseeds market last week on increased offerings and bearish upcountry advices. Groundnut Karad bold, Saurashtra bold and Saurashtra quality shed further Rs 5 each at Rs 575, Rs 580 and Rs 580 per 100 kg. Its oil sought a low level of Rs 136.24 before recovering to close unchanged at Rs 138.85 per 10 kg.

Imported oils showed divergent trend. Palmoleine dropped by Rs 2.08 to Rs 132.08 while soyabean recovered by 52 paise to Rs 130 per 10 kg. RBD was quoted unchanged at Rs 119.60 per 10 kg in the absence of fresh offerings.

Castorseed and its oil yielded sizeable ground on lack of fresh export orders and discouraging advice from Hyderabad and Ahmedabad. Castorseed Madras small and Kanpur bold declined sharply by Rs 18 each to Rs 318 and Rs 308 per 100 kg. Castor commercial oil fell back by Rs 3 to Rs 68.50 and BSS oil by Rs 2.50 to Rs 74 per 10 kg.

Linseed was also on the slippery ground on renewed offerings. Linseed bold decreased by Rs 5 to Rs 485 per 100 kg and its oil by Rs 2.34 to Rs 121.68 per 10 kg.

Most of the cakes encountered fresh offerings. Groundnut expeller lost Rs 75 at Rs 1,725, de-oil Rs 25 at Rs 1,400, cottonseed Rs 50 at Rs 1,400 and castor Rs 25 at Rs 775 per tonne.

Comparative prices in rupees per quintal of seeds and per 10 kg of oils :—

	30.1.82	23.1.82
G. nut Karad bold	575.00	580.00
G. nut oil	138.85	138.84
Cast. Md. Sm.	318.00	336.00
Cast. oil com.	68.50	71.50
Cast. oil BSS	74.00	76.50
Linseed bold	485.00	490.00
Linseed oil	121.68	124.02

DHRANGADHRA CHEMICAL WORKS LIMITED

NOTICE

It is hereby notified for the information of the public that Plastic Resins & Chemicals Limited (PRC Ltd.) proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi, under sub-section (2) of section 23 of the Monopolies and Restrictive Trade Practices Act, 1969, for approval to its scheme of merger/amalgamation with Dhrangadhra Chemical Works Limited (DCW Ltd.). Brief particulars of the scheme are as under :

(i) Name and address of the applicant undertaking : Plastic Resins & Chemicals Limited, Sahupuram, Arumuganeri 628 202.
Dhrangadhra Chemical Works Limited, Dhrangadhra 363 315.

(ii) Management structure of undertaking(s) proposed to be merged/amalgamated : Plastic Resins & Chemicals Limited, - Public Limited Company, managed by the Board of Directors,
Dhrangadhra Chemical Works Limited, - Public Limited Company, managed by the Board of Directors.

(iii) Capital structure of the undertaking(s) proposed to be merged/amalgamated :

(a) **Plastic Resins & Chemicals Limited :**

SHARE CAPITAL :	Rs.	Rs.
Authorised Capital :		
1,00,000 Preference shares of Rs. 100/- each	1,00,00,000	
30,00,000 Equity shares of Rs. 10/- each	3,00,00,000	4,00,00,000
Issued and Subscribed Capital :		
60,000 - 9.5% (subject to deduction of tax at source) Redeemable Cumulative Preference Shares of Rs. 100/- each fully paid up		60,00,000
25,00,120 Equity shares of Rs. 10/- each fully paid up		2,50,01,200
		3,10,01,200

(b) **Dhrangadhra Chemical Works Limited :**

SHARE CAPITAL :	Rs.	Rs.
Authorised Capital :		
1,00,000 Preference shares of Rs. 100/- each	1,00,00,000	
2,50,000 Equity Shares of Rs. 100/- each	2,50,00,000	3,50,10,000
Issued, Subscribed and Paid-up Capital		
25,000 - 9.5% (subject to tax at source) Cumulative Redeemable Second Preference shares of Rs. 100/- each fully paid up	25,00,000	
35,000 - 9.5% (subject to tax at source) Cumulative Redeemable Third Preference Shares of Rs. 100/- each fully paid up	35,00,000	60,00,000
2,34,774 Equity Shares of Rs. 100/- each fully paid up	2,34,77,400	
Add : Forfeited Shares	200	2,34,77,600
		2,94,77,600
140 - 7.8% Cumulative Redeemable Preference Shares of Rs. 100/- each not surrendered by Shareholders for redemption		14,000
		2,94,91,600

(iv) Present activities of the undertaking(s) proposed to be merged/amalgamated :
(a) Plastic Resins & Chemicals Limited : Manufacture and sale of PVC resins.
(b) Dhrangadhra Chemical Works Limited : Manufacture and sale of Soda Ash, Caustic Soda, etc.

(v) Reasons, in brief, for the proposed merger/amalgamation : Rehabilitation and revival of the business of manufacturing of PVC resins at the factory at Sahupuram of Plastic Resins & Chemicals Limited.

(vi) Details of the exchange ratio/consideration proposed for shareholders/creditors, etc., of the amalgamated/merged undertaking :

I. For every 20 Preference Shares of Rs. 100/- each of PRC Ltd. :
(i) 1 Preference Share of Rs. 100/- of DCW Ltd., and
(ii) 1 Debenture of Rs. 100/- of DCW Ltd.

II. For every 200 Equity Shares of Rs. 10/- each of PRC Ltd. :
(i) 1 Equity Share of Rs. 100/- of DCW Ltd., and
(ii) 1 Debenture of Rs. 100/- of DCW Ltd.

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this Notice intimating his views on the proposal and indicating the nature of his interest therein.

For PLASTIC RESINS & CHEMICALS LTD.
S. C. JAIN
DIRECTOR

Dated, this 29th day of January 1982

For DHRANGADHRA CHEMICAL WORKS LTD.
S. C. JAIN
MANAGING DIRECTOR

Grains subdued

Bombay, February 1

A quiet tendency featured in the local grain market during the week.

In cereals wheat ruled weak. The pissi variety declined by Rs 13 to Rs 250-350 per quintal. The Sonakalyan variety declined by Rs 5 to Rs 210-220 per quintal.

Activity in rice was at a low ebb. The Basmati variety was traded at Rs 600-750 per quintal and the Luchai variety at Rs 290-315 per quintal showing no change over the week.

A steady trend was evident in coarse grains. Jowar was quoted steady at Rs 160-300 per quintal, bajra at Rs 165-350 per quintal, barley at Rs 138-140 per quintal and maize at Rs 185-190 per quintal.

Among pulses, gram dal declined by Rs 25 to Rs 360-375 per quintal, tur dal and masoor dal ruled unchanged at last week's levels of Rs 450-550 per quintal and Rs 450-460 per quintal respectively. Moong (chumki) hardened by Rs 5 at Rs 370-380 per quintal. Urad (Moglai) ruled steady at Rs 250-260 per quintal.

Sugar spurts

Bombay, February 1

Sugar prices spurted in the local market following higher advices from producing centres in Maharashtra. The price of C-30 grade sugar fetched Rs 12 more at Rs 589-600 per quintal. The release of 1.40 lakh tonnes of free sale sugar made no impact on prices. Poor offerings by sugar factories supported the sentiment. The weekend stocks were placed at 2,208 bags. The price of C-30 grade sugar was lower by Rs 128 per quintal than that on the corresponding date a year ago.

Khandsari arrivals showed marked improvement. The khandsari stocks at the weekend improved to 3,077 bags as against 2,694 bags in the preceding week.

Gold, silver up

Bombay, February 1

The price of gold and silver in the Bombay bullion market rose during the week under review. The price of standard gold which opened at Rs 1,747 per 10 gms rose to close at Rs 1,760 per 10 gms. Silver (.999 fineness) opened at Rs 2,630 per kg and closed to Rs 2,675 per kg.

Money tight

Bombay, February 1

Conditions in the Bombay short-term money market continued to be tight during the week. In the inter bank call money section both notified and commercial funds were renewed at ten per cent. Fresh money was transacted at ten per cent. The market closed at ten per cent.

Aggregate deposits decrease

Bombay, February 1

Aggregate deposits of all scheduled Commercial banks decreased by Rs 77.42 crores to Rs 43446.68 crores during the week ended January 22, 1982. Bank credit expanded by Rs 37.28 crores to Rs 29725.78 crores. The balances of banks with the Reserve Bank of India (RBI) declined by Rs 38.30 crores to Rs 4588.89 crores and their borrowings from RBI went down by Rs 18.90 crores to Rs 649.76 crores.

DEPARTMENT OF ATOMIC ENERGY

Directorate of Purchase and Stores

On behalf of the President of India, the Director, Directorate of Purchase and Stores, Department of Atomic Energy, Bombay-400 001 invites tenders as detailed below:

1. DPS:NFC:FAB:170 due on 3.3.82. Manufacture and supply of specia purpose machine as per purchaser's specification and drawing. 1 No.

2. DPS : BARC : FAB : 248 due on 3.3.82. Fabrication, supply and erection of extension to Mezzanine floor steel structure at purchaser's site, Bombay as per purchaser's drawings.

3. DPS : NFC : EEQ : 186 due on 4.3.82. Supply of air receiver, 60 cu. ft. capacity as per purchaser's specifications for Nuclear Fuel Complex at Hydebad.

4. DPS : HWP : MTL : 391 due on 5.3.82. Supply of claded carbon steel plates for low temperature service as per tender specification. Qty. 50 Plates (105 MT) approx.

5. DPS : BARC : PDS : IEE : 87 due on 6.3.82. Thermal mass flowmeters having linearity of $\pm\frac{1}{2}$% as per purchaser's specifications. 6 Nos.

6. DPS : NAPP : PPED : FAB : 160 due on 8.3.82. Preparation of shop drawing, fabrication, lead filling, inspection, shop testing, guarantee, packing & delivery to purchaser's site at Narora of Lead Shielding Flasks as per purchaser's specification and drawings.

7. DPS : NAPP : PPED : MTL : 150 due on 8.3.82. Supply, manufacture, inspection, testing, packaging & delivery of S. S. hollow bars as per tender specification. Qty. 74 Nos.

8. DPS : BARC : EEQ : 5197 due on 9.3.82. Supply of Tongtype mobile dielectric sealer suitable for welding PVC sheets of thickness 0.15 mm upto 4 fold and as per purchaser's specifications for Bhabha Atomic Research Centre, Trombay, Bombay 400 085.

9. DPS : BARC : MTL : 5502 due on 11.3.82. Phosphor bronze pipe and rod as per tender specifications. Qty. 4 Mtrs. (1.5 M. T.).

10. DPS : NAPP : PPED : FAB : 161 due on 12.3.82. Design, preparation of shop drawings, fabrication, shop testing, inspection, supply, crating, guarantee and delivery to purchaser's site at Narora of S. S. service system storage tank coolers as per purchaser's specification and drawing. Qty. 2 Nos.

11. DPS : NFC : IEE : 160 due on 15.3.82. Portable oxygen analyser having range 0 to 10000 ppm as per purchaser's specifications. 1 No.

12. DPS : BARC : IEE : 4029 due on 16.3.82. DC to AC stabilised sine wave inverters having source voltage of 90–130 VDC (lead acid battery) as per purchaser's specifications. 2 Nos.

13. DPS : BARC : IEE : 4012 due on 16.3.82. Automatic micro processor based potentiometric titrator with memory as per purchaser's specification. One No.

14. DPS : BARC : IEE : 4014 due on 17.3.82. Automatic flotation cell with spare parts having capacity of 3 litres as per purchaser's specifications. One.

15. DPS : MAPP : O & M : IEE : 51 due on 17.3.82. Ultrasonic (Digital) thickness tester, portable fully transistorized high grade quality with battery operation as per purchaser's specifications. 1 No.

16. DPS : VEC : IEE : 282 due on 18.3.82. 4 K multichannel analyser as per purchaser's specification. One.

17. DPS : HWP : IEE : 184 due on 18.3.82. Pressure gauges with inductive pick-up as per purchaser's specification. 12 Nos.

18. DPS : AMD : IEE : 257 due on 19.3.82. Precision pulser having digital resolution of 1 in 2^{13} as per purchaser's specifications. 1 No.

19. DPS : PPED : ELE : 724 due on 19.3.82. Design, manufacture, testing and supply of strip heaters, trace heaters as per tender specification.

20. DPS : NFC : IEE : 159 due on 19.3.82. Infrared gas analyser for carbonmonoxide having measuring range of 0 to 5% carbonmonoxide as per purchaser's specifications. 1 No.

21. DPS : BARC : CAP : 4213 due on 19.3.82. Heavy duty wire rope electric hoist with electrically operated trolley to be operated on 'I' beam. Capacity : 1500 kgs. as per purchaser's specification. 2 Nos.

22. DPS : NFC : CAP : 748 due on 20.3.82. Special purpose radial drilling machine—Maximum Drilling $\phi=75$ mm. as per purchaser's specifications.

23. DPS : BARC : IEE : 3376 due on 20.3.82. Sealed hard disk drive with controller having unformatted capacity of 5 M bytes/drive as per purchaser's specifications. 4 Nos.

24. DPS : NAPP : PPED : CAP : 97 due on 20.3.82. Design, preparation of shop drawing, manufacture, inspection, testing, packing, supply and guarantee of water jet ejector, Flow rate : 15 ltrs./min. as per purchaser's specification. 5 Nos

25. DPS : TAPS : ELE : 1450 due on 22.3.82 Aluminium conductor XLPE/PVC insulated and PVC bedded in different sizes as per tender specification. Qty 1450 Mtrs.

26. DPS : BARC : CAP : 4221 due on 22.3.82. Two stage mechanica vacuum pump, direct drive rotary valve type—Rotational speed of pump; =1500 r.p.m. as per purchaser's specification.

Tender documents priced Rs. 10 each for items 3, 12, 18, 24 and 26; Rs. 25 each for items 2, 5. 8, to 11, 13 to 15,17, 19 to 21 and 23; Rs. 35 each for item 1, 16, 22 and 25; Rs. 50 each for items 4, 6 and 7 and General conditions of contracts priced 50 P. for all item except item 1, 2, 6 and 10 can be had from *Finance and Accounts Officer, Department of Atomic Energy, Directorate of Purchase and Stores 3 rd Floor, Mobatta Building, Palton Road, Bombay 400 001,* between 10 a.m. to 1 p.m. on all working days except on Saturdays. Import Licence will be provided only if the items are not available indigenously to all items except items 1, 2, 3, 6, 10 and 19. Tenders will be received upto 3 p.m. on the due date shown above and will be opened at 4 p.m. on the same day. The right is reserved to accept or reject lowest or any tenders in part or full without assigning any reasons.

davp 645 (442) /81

Beyond headlines

Indian education scene in 1981

By S. SREEDHARA SWAMY

THE educational scene in 1981, the year that was, has to be analysed keeping in view three major events—(a) International Year of the Disabled Persons *IYDP* (b) Finalisation of the Sixth Five Year Plan and (c) 1981 Decennial Census. The International Year of the Disabled Persons in 1981 or International Year of the Child in 1979 and any such year dedicated for a particular cause is only aimed at sharpened focus on world-wide basis so that the extent of problem is correctly estimated and necessary remedial measure is initiated in that year. It should signify a take off stage for various measures.

The attempts made during the year—*IYDP*, were not only quite inadequate but the approach of the governmental agencies was most callous, to say the least. The author of this article was an eye-witness to an exhibition organised in November in Hyderabad by the Directorate of Advertising and Visual Publicity, Government of India, wherein it was boldly displayed: "there is no accurate estimate of the number of disabled persons in the country". This was all the more shocking, when the decennial census was completed in February, 1981.

The total disability and partial disability have to be correctly assessed and the statistics so collected should help in formulating meaningful programmes. It is a positive sign that the Government of India has ordered reservation of three per cent jobs in Class III and Class IV for the handicapped to be shared equally among the blind, deaf and the orthopaedically handicapped. This facility has to be extended by the state governments, private and autonomous institutions. Scepticism apart, serious effects have to be initiated all over the country to identify the disabled and steps taken for rehabilitation and integration.

The Sixth Five Year Plan (1980-85) was finally released by the Planning Commission in January 1981 at last, after rolling off the rolling plan, and after recasting the Sixth Plan of Janata Government (1979-83). The Plan document conceded that it has not been possible for the educational system in the country with an annual budget of Rs 3,000 crores, with the help of three million teachers and 6.5 lakh schools and colleges to achieve the goal of universal education of all children up to the age of 14 years as enshrined in the Directive Principles of the Constitution. It is further conceded that 38 per cent of the scheduled castes children and 56 per cent of the scheduled tribes children are yet to receive elementary education. The Planning Commission, hopefully, visualises to achieve universal elementary education by 1990.

The third land mark of the year 1981 is the decennial census. The population of India as recorded at the sunrise of 1st March, 1981, was 683.8 million, this is twice the population of India at Independence. The national seminar held in 1969 had rightly stressed the importance of education in arresting the population growth and recommended that population education should be introduced in school curriculum. Even though *NCERT* has done some useful preparatory academic work, the state governments took more than a decade to launch upon a scheme to introduce population education in schools. Even this is now being contemplated at the all-India level because the United Nations Fund for Population Activities has come forward with a huge financial assistance.

The 1971-1981 census has recorded a growth rate of population of 24.75 as against 24.80 for 1961-71. This growth rate is inspite of much publicised 'inverted red triangle' and '*Do yaa teen bas*' through AIR, TV, films, posters and also inspite of emergency excesses in family planning during 1971-81. The birth rate target of 30 per thousand by the end of Fifth Five Year Plan has proved to be abortive despite legalisation o abortions from 1972 onwards. Th impact on education, is that for ever three children enrolled in primar and middle schools one other eligibl child is left behind.

The other important events which deserve special mention are Controversies over capitation fee collected in private engineering an medical colleges in general and i the states of Andhra Pradesh an Karnataka in particular; the mas casual leave campaign organised i December 1981 by the All Indi Federation of University and Colleg Teachers' Organisations, all over th country; Vice-Chancellors conference in Delhi in May 1981, etc. O the positive side, the 1981 year wi nessed vocationalisation of '+2 stag of education in the country at th instance of Malcolm Adisheshia Committee's report; and social useful productive work initiated secondary schools as an amplificati of work experience. Andhra Pr desh can feel proud of the compr hensive legislation enacted durin this year on total educational sy tem in the State, and also for th inauguration of Krishnadevara University at Anantapur in Nove ber 1981 and for Satyasai Institu of Higher Learning at Puttapa getting autonomous university stat from the University Grants Comm sion examination reforms, inter assessment, semester system, op book examination etc received t attention during 1981.

The year 1981 was also a turb lent year witnessing violence in t university campuses. The bru killing of Dr Banwar, Vice Chanc lor of the North Eastern Hill U versity, Shillong was a shame act. Aligarh Muslim Universi Banaras Hindu University, Kuruksh tra University, Hyderabad Cent University, Darul-uloom etc w the centres of protracted agitati strikes, closures, assaults ... a what not? The closure of medi colleges for six months in Guja on the question of reservation seats has greater political ramifi tions for the country.

Let us hope in the year 1982, country will march ahead with gr ter political will, positive direct and determination in the context education having been shifted i Concurrent List.

Dr Sreedhara Swamy is reader in education, Osmania University.

COMMERCE

l. 144 FEBRUARY 13, 1982 No. 3688

EDITOR: VADILAL DAGLI
ASSOCIATE EDITORS: D. B. MAHATME
SUBHASH CHANDRA SARKER

CONTENTS

COMMENTS

ditorials

Savage hike in P & T tariffs 255
Demand crisis in jute goods 256
Hazira complex 257
Shortage of cooking gas 257

COLUMNS

ditor's notebook (Vadilal Dagli) 259
eyond headlines : The enterprise that was (Siddhartha Ganguli) 304

COVER STORY

elevance of South - South Conference

Where is the Third World infrastructure (Vadilal Dagli) 260
Evolving concrete programme of cooperation (L. K. Jha) 262
Twin objectives before conference (Arvind Bhandari) 264
South-South exchanges (G. J. Malik) 266

SPECIAL REPORTS

Indo-EEC trade : Missed opportunities; Lag in power programme; Bonn to help in coal development; Black money and Supreme Court: UP budget: Deficit of Rs. 129 crores, but no fresh taxes; World food and agricultural show 288

FEATURES

eather and leather goods 273
eople; The week 254
etter from Washington : US economy slides deep into recession (Hasmukh Shah) 258
ooks & ideas : Development Finance for Small Farmers (T. V. Jayaraman); Deficit Financing and Economic Growth in Underdeveloped Countries (D. M. Mithani); Knowledge and conscience 268

COMPANIES, STOCKS & COMMODITIES

hairmen's speeches : Indian Oxygen (p. 282); Indian Sugar Mills' Association (p. 286)
orporate sector 294
In the market : Delton Cables, Tumus Electric
Forthcoming company meetings 294
Financial analysis of operations of non-financial companies 295
quities : Smart rally 297
arket gossip : Dalal Street recovers; Record tea exports; Shock for alcohol-based units; Reliance's debenture issue 299
ommodities 300

STATISTICS

dian economy : Basic Indicators (Commerce Research Bureau) 293

Commerce Publications Ltd, Manek Mahal, 90 Veer Nariman Road, Bombay 400 020. Telephone : 253505, 253562, 253392.

Subscription rates : Inland—Yearly Rs 200 (Students and teachers Rs 115), Half-yearly Rs 115.

Foreign Airmail—Asia and Africa (including South-East Asian and West Asian countries) £ 37, Japan Yen 21,418, UK and Europe £ 46, USSR Rouble 71, United States US $ 117.

Earn up to

14% p.a.

Lombard

Fixed Time Deposits

1 Year Fixed Period 14%p.a.
2 ——— " ——— 13%p.a.
3 ——— " ——— 13%p.a.
4&5 ——— " ——— 12%p.a.

Minimum deposit £1,000 Interest paid annually.
The rates quoted are correct at time of going to press.

These are some of the benefits of a Fixed Time Deposit with Lombard:-

- ✻ Your funds will earn a good rate of interest which is fixed for the period of deposit.
- ✻ All interest is paid without deduction of tax at source.
- ✻ Your account is confidential.
- ✻ As Exchange Control does not exist in the United Kingdom your funds can be repaid anywhere in the world in Sterling or in any other currency.
- ✻ We are part of one of the largest banking groups in the world.

Other rates are available for 1-5 years with interest paid monthly, quarterly or half-yearly and for deposits at 3 months and 6 months notice of withdrawal.
For further details of our deposit facilities and current rates, simply post the coupon today.

Lombard
North Central
Deposit Accounts

To:
LOMBARD NORTH CENTRAL LIMITED,
DEPT. 91, 17 BRUTON STREET,
LONDON W1A 3DH, ENGLAND.
Telephone: 409 3434.

NAME (BLOCK CAPITALS PLEASE)
ADDRESS
"Dept. 91'

A member of the National Westminster Bank Group
whose capital and reserves exceed £1,800,000,000.

PEOPLE

Mr E. Ananda Rao has taken over as managing director of Nagarjuna Coated Tubes Ltd.

Mr G. C. Shroff, chairman, Excel Industries Ltd, has been appointed member of the expert committee set up by the Department of Science and Technology on the application of science and technology for the benefit of scheduled castes and scheduled tribes. The committee is headed by Mr Y. Nayudamma, former director-general of Council of Scientific and Industrial Research.

Shroff

Santhanakrishnan

Mr M. R. Subrahmanyam has been appointed general manager, Hyderabad Telephones.

Mr P. Santhanakrishnan, who has assumed charge as managing director of State Bank of Mysore, was till recently in the same capacity with the State Bank of Hyderabad. He joined the State Bank of India in 1945 and worked in several responsible positions before being posted as managing director of State Bank of Indore in 1978.

Mr M. S. Rana has joined the board of directors of Indian Oil Corporation Ltd and been given the charge of the marketing division of the company. Mr Rana, who holds a degree in aeronautical engineering from UK, worked on the design of Gnat aircraft for two years before returning to India in 1959 to join Esso. After four years he moved over to Indian Oil Corporation where he was till recently the general manager (supplies).

Rana

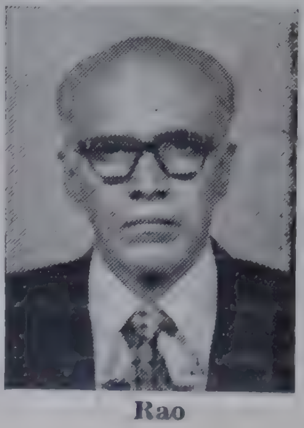
Anantaraman

Mr Indra Chatterji has been appointed to the board of Bombay Malleable Iron Castings and Allied Industries Ltd. He will be a nominee of Industrial Finance Corporation of India.

Mr J. G. Parikh, a director of Silk and Art Silk Mills Research Association, has been elected a member of the senate of the Bombay University from commercial and industrial bodies constituency.

Mr V. K. Anantaraman has assumed charge as general manager, United Commercial Bank.

Mr R. Annoji Rao, who has taken over as manager of Reserve Bank of India, Hyderabad office was a professional chartered accountant when he started his career but later became inspector of branches for the erstwhile Andhra Bank Ltd. He joined RBI as a banking officer in 1961 and for about eight years was deeply involved in helping set up Deposit Insurance Corporation, National Institute of Bank Management, etc. He has travelled abroad widely.


Rao

THE WEEK

A global tea conference under the auspices of UNCTAD began in New Delhi on Monday to discuss the two sensitive issues of fixing export quotas and a buffer stocking arrangement for tea. It is being attended by participants from 20 tea producing and exporting countries. ★

The National Textile Corporation has decided to wind up all its retail outlets in the country. ★

Japan has extended aid of Rs 12 crores to India for the production of encephalitis vaccine, improvement of the social environment and debt relief. ★

The US Export-Import Bank will extend loans amounting to 22.05 million dollars to India at low interest rates for the purchase of the US equipment. ★

The annual plan outlay for the Centre and states in 1982-83 is expected to be Rs 21,210 crores. ★

India has entered into a bilateral deal with Mozambique to barter its alumina for aluminium. Details are yet to be worked out. ★

Ballarpur Industries Limited will set up a Rs 100 crores integrated sugar-cum-paper complex in Punjab. ★

The Union Industry Ministry has proposed that cement imports be placed under OGL. ★

The Union Government has decided to allow offshore financing up to 70 per cent for the proposed new aluminium plants in the country. ★

India and the Soviet Union signed an agreement for collaboration in eight new areas of R & D, which include fusion technology and lasers. ★

Aid for the Hazira fertiliser project has been finalised. The World Bank will provide $ 400 million, the Overseas Development Agency, UK $ 99.8 million and Japan $ 98.7 million. The foundation stone for the project was laid by Prime Minister Mrs Indira Gandhi on February 5. ★

Wholesale price index

At 278.2 the latest available Wholesale Price Index during the week ended January 23, 1982 showed a fall of 0.2 per cent over the week. However, at this level the index showed a rise of 5.1 per cent over the year.

Money tight

Conditions in the Bombay short-term money market were tight as of Monday (February 8, 1982). In the inter-bank call money section both notified and commercial funds were renewed at ten per cent. Fresh money was transacted at ten per cent. The market closed at ten per cent.

COMMERCE

Savage hike in P & T tariffs

THE recent savage hike in postal and telecommunication tariffs is not justified by any standards. The revised tariffs, to come into force from March 1, are expected to yield Rs 100 crores in a full year and about rupees nine crores in the current financial year. While talking to newsmen about the tariff increase, the Union Minister of Communications, Mr C. M. Stephen, tried to justify it on the ground that costs of the services were so high that even the revised tariff rates would not cover them fully. This is a peculiar argument on the part of the Government to use its monopoly power to fleece the users of these services. For one the cost of the services need not be what it is and could be much less. Without any cost control costs have a tendency to go up unnessarily. Has the department done any review of its costs for different services? Thousands of telegrams, charged at exorbitant rates, are never delivered to the addressees and thousand others are sent just as ordinary letters. Again thousands of telephone users have to pay for dead telephones and wrong calls which are due entirely to the malfunctioning of the telephones department. If the costs still exceed incomes, obviously there is something very much rotten. Steep increases of this nature only serve as a mask for the inefficient and arbitrary working of the departments concerned.

In metropolitan areas telephone subscribers will pay the rental charges of Rs 1,200 a year as against Rs 800 as at present, marking a hefty increase of 50 per cent. That the number of free calls allowed will hereafter be 1,200 a year instead of existing 1,000 is no concession inasmuch as subscribers used to get 1,200 calls free only couple of years ago. The registration charges for all inland postal articles will go up from Rs 2.25 to Rs 2.75 per article. The ordinary telegram rates would increase from the present Rs 2.25 for eight words and 30 paise for each additional word to Rs 3 for 10 words and 50 paise for each additional word although rates of press telegrams remain unchanged.

The commission on money orders will go up by five paise for every Rs 10 or part thereof. It is 25 paise for every Rs 20 thereafter. It has now been revised to 30 paise for every Rs 10 or part thereof. The annual rental for a telex subscriber line within a radius of five km from the telex exchange is increased from Rs 3,000 to Rs 4,500. The charge for a telex subscriber line, when a teleprinter machine is provided by the subscriber himself, is raised from Rs 600 to Rs 900 per annum. The increase in telephone rentals alone would fetch additional Rs 58 crores per annum. The revision in rates would yield Rs 18 crores from telegram charges, Rs 13 crores from registration fees, Rs 5 crores from money orders and Rs 3.8 crores from telex charges.

Mr Stephen has claimed that even with these new rates some of the services would continue to be subsidised. For example, as against the cost of 41 paise for inland cover the department is getting only 25 paise. Similarly, on the post card the realisation is only 15 paise against a handling expenditure of 36.4 paise. The loss of the postal department amounted to a little over Rs 72 crores in 1980-81 and, even after the imposition of fresh tariffs, the postal branch is likely to come up with a deficit of Rs 126 crores in 1982-83. At the increased rates and the present level of tariffs, the posts and telegraphs department as a whole would have a small surplus of Rs 30 crores in 1982-83. The Planning Commission is reported to have asked the posts and telegraphs department that, if it is serious to go ahead with the expansion programmes proposed during the Sixth Plan, it must generate adequate internal resources. Perhaps it is in this context that Mr Stephen said that the extent of subsidy on these services should be determined. According to the 1981-82 budget estimates the postal department was likely to incur a deficit of Rs 35.5 crores while the telecommunications department was likely to have a surplus of Rs 252.8 crores. Taken together, the surplus would amount to Rs 217.3 crores.

As is well known, of late the Government is following the practice of raising resources outside the budget. This helps in two ways: first, it boosts the Government's revenue and secondly the additional taxation in the budget looks to be smaller. The increase in postal and telecommunication tariffs, just four weeks before the presentation of the Union Budget for 1982-83, also reflects the same tendency of the Government. According to the Union Communications Minister, under the Indian Post Office Act and the Indian Telegraph Act, the Government had the authority to fix rates for the various commercial services without the prior approval of Parliament and it is only in the case of post cards and envelopes that any change in rates needed the prior approval of Parliament.

The increase in rates and tariffs, either with the approval of Parliament or without it, would have the same inflationary impact on the economy. The moot question that remains to be answered is whether after paying through their nose, will the users of these services get any satisfactory return in terms of quick and efficient service? There are instances where telegrams reach much later than the ordinary post. As regards the functioning of the telephone department, the less said the better. Complaints regarding telephones going out of order, getting wrong telephone calls and overbilling have become very common. The subscriber has to tolerate all the humiliation since there is no option for him. To cap it all, last year the telephone department was reported to have sent a bill for rental charges to one individual in Bombay who did not possess the telephone at all!

Demand crisis in jute goods

THE jute industry crisis has deepened further; some 12 mills have closed down as they could not withstand the pressures of the crisis any longer, throwing out of employment thousands of workmen in these very hard days. It is feared that more mills may pull down shutters if no preventive measure is immediately taken either by the government or the industry The chairman of the Indian Jute Mills Association, Mr G. Sivaraman, is of the view that the current liquidity crisis is the result of overproduction by the mills which have a total capacity of 1.56 million tonnes, as against an actual market demand of 1.25 million tonnes.

The very knowledge that the industry has been forced to produce to its full capacity has depressed gunny prices in the market as the demand is slack and the industry has been losing, on an average, Rs 12 crores a month. At this rate, the industry, sick as it is already, will become incurably sick in the near future. The only solution to the crisis, the IJMA chief feels, is to allow the industry to cut back output in line with actual demand. The mill closures are partly remedying the overproduction situation, but planned and rational cutback of output would be the much better thing to do. Seen in the context of the current crisis, the production cut seems quite logical but there are some practical difficulties in the way. The IJMA today can count on only 55 per cent of the total number of mills, and the rest are outside the ken. Assuming a certain cutback was ordered, it might not be easy to distribute the sacrifice equitably among all, or to everybody's satisfaction. Unless the government does the job, which is unlikely, the industry will have to let market forces eventually order things.

However, it is time the government intervened and did what is fair and rational in the circumstances. For example, it can help mills regain a measure of viability by giving excise relief on domestically consumed products and fix a minimum price for sacking. It can give a measure of freight subsidy on jute goods shipments to the US and other overseas markets. It has already been proved that the high ocean freight makes Indian jute goods more uncompetitive than they need be. The government can also consider, with a little more sympathy than it has done so far, the industry's case for increasing the rates of subsidy now given on gunny exports. The rates, the industry has been saying, are unrealistically low and need to be revised in accordance with the compettive conditions in the overseas markets.

Short of some such gestures, it is difficult to see how the industry will survive for long. But the industry's survival is vitally important for a number of reasons. First of all, it is still a major export earner. Secondly, it affords employment to 300,000 workers directly, and indirectly supports millions of families engaged in the cultivation of raw jute. Third, it is a major industry in eastern India and its plight and predicament depresses the economic outlook for the region considerably. India has the oldest and the largest jute mills industry in the world and the distinction must be maintained. Increasing closures and the depressed state of the industry has greatly increased the workers' anxiety about the security of their livelihood and a widespread demand is being made to nationalise the industry as whole. The workers of the closed mills have been demanding immediate state takeover of these units. Considering the dependence of the industry on volatile overseas markets for its viability, nationalisation does not appear to be the answer. At any rate, the record of the National Jute Manufacturers Corporation which runs five large units, does not inspire much confidence in the capacity of the state as an efficient or effective manager of an export oriented industry.

Modernisation of course holds part of the answer to the industry's survival problem but here also, there are ticklish questions like rationalisation of the labour force which has to be settled first. It is basically long term solution. Short-term problems like the current liquidity crisis demand short-term remedies and they have to be found and applied immediately. At one time, much store was set by the Jute Board, the still-born baby, of an official committee which had recommended it as a nostrum for all the industry's ills. However, bureaucratic wisdom dictated otherwise, and the concept of a board has been given up altogether. The idea of a jute export promotion council is being touted agains, perhaps as a pastime of those who believe only in talk and eventually do nothing.

Hazira complex

WITH the laying of the foundation stone by the Prime Minister, Mrs Indira Gandhi, of the Rs 980-crore Hazira fertiliser complex near Surat, this ambitious project, on which preliminary work had already started, should receive an impetus for early completion. The complex, sponsored by Krishak Bharati Co-operative Ltd, in which co-operatives all over the country will contribute a share capital of Rs 20 crores, apart from Rs 100 crores by the Indian Farmers' Fertilisers Co-operatives Ltd, is scheduled to go into production in September 1984. The plant will have two ammonia plants, each with a capacity of 1,350 tonnes a day, and four "streams" of urea divided into two independent group of two streams each, each of a capacity of 1,100 tonnes a day. The first phase will see one ammonia and two urea units commissioned and the second phase to be completed six months later will raise the annual capacity of the complex to 1.4 million tonnes of urea, making it the biggest ammonia urea project outside the pubic sector.

Hazira complex, along with four large-sized plants, work on which has already started, is being designed to use the large quantities of associated and natural gas, both onshore and offshore, recently discovered in the country. Six more gas-based plants nearer the points of consumption in northern India and based on the Bombay High gas, are also to be set up. The government and the industry has a challenging task ahead to complete these projects at the earliest with fertiliser consumption expected to more than double from 5.5 million tonnes in 1980-81 to 12 million tonnes by 1989-90. The Sixth Plan envisages a growth rate of only 3.65 per cent in cereal production of 116.25 million tonnes in the base year 1979-80 to 139 million tonnes in 1984-85. But we will need perhaps a more ambitious growth in foodgrains production if we consider that we may have to feed a population of over 900 million by the end of the century. More and more fertilisers will have, therefore, to be utilised, maybe keeping a balance in the use of organic and chemical fertilisers. We may not aim at a fertiliser consumption of 400 kg per hectare of cultivated land as in Japan and other countries as against 32 kg consumption of ours, but it is obvious that the fertiliser consumption will have to be stepped up considerably.

The investment of thousands of crores of rupees that we have planned to make on the new gas-based fertiliser plants demands that these resources should not be wasted through under-utilisation of capacity of the plants. Capacity utilisation, though running at over 70 per cent recently, had been even poorer in the earlier years. There was a sharp setback in the production of fertilisers two or three years ago largely because of infrastructural problems. If there was a shortage of feedstocks like natural gas, naphtha and fuel oil because of Assam agitation and difficulties in arranging imports, there were also shortages in coal, transport and power which could have been avoided. Coal production is improving this year but whether the uptrend will be maintained remains to be seen. Despite an overall improvement in power output, most of the states are maintaining cuts in power consumption, which means that power availability is not free and industries continue to face this hurdle. Doubts have already been expressed whether the Sixth Plan powr targets will be attained and official spokesmen themselves are not sure of this. The likelihood of the power problem continuing to face the fertiliser and other industries, therefore, cannot be ruled out. Railway transport also provides a bottleneck, with the result that infrastructural problems that the fertiliser industry faced in the late seventies could reemerge and, if this happens, the large-sized fertiliser plants will be the greater sufferers.

In regard to the feedstock of natural gas and associated gas, there is a already a concern expressed by fertiliser experts. The government has decided to set up ten such plants and earmarked 15 million cubic metres of natural gas out of the 20 million cubic metres. The Oil and Natural Gas Commission may discover new gas fields or oilfields but at present the availability of gas from Bombay High or South Bassein fields will not go beyond twenty years. We have already lost considerable time in harnessing these gas resources and it will be some years before new gas-based plants are commissioned. This feedstock would as a result last only for a few years and the Government may have to think of a new feedstock for these plants before long. Unfortunately, the two coal-based plants at Talcher and Ramgundam are not operating inefficiently with the capacity utilisation in these two plants being of the order of only 10 to 20 per cent. The Fertiliser Corporation of India needs to tone up the efficiency of these plants and develop the necessary technologies for coal is the feedstock on the basis of which our future fertiliser planning will have inevitably to be made.

Cooking gas scarcity

THE absolute shortage in the availability of cooking gas, which necessitates imports, has been further aggravated by local shortages caused by industrial action by workers. Both Calcutta and Bombay, which are among the centres with a very large number of consumers with gas connection, have recently experienced acute shortage in the supply of cooking gas, affecting hundreds of thousands of persons. Disruption in Calcutta was brought about in December by workers belonging to a certain transport firm, which had lost the contract to carry the cylinders. The Indian Oil Corporation authorities had changed the contractor to transport the cylinders from the refinery at Haldia to Calcutta and back since this was resulting in savings on transport cost. Retrenched workers of the former firm, which had so long received the transport contract, started an agitation demanding absorption in the new firm but on the same terms of service conditions as before. The result was that Calcutta suffered an acute gas famine, while a huge number of cylinders full of gas had accumulated at the Haldia refinery. Indeed the accumulation had gone to such an extent as to threaten the feeding system at the refinery. In Bombay the disruption occurred in the second fortnight of January because of a strike in the Bharat Petroleum Refinery at Trombay called by Dr Datta Samant on the question of wages and other amenities, a labour leader who is trying to carve for himself a place in all the city's industries.

The developments in the two metropolitan cities have shown the vulnerability of citizens to the most extreme harassment on account of industrial action by (compared to the number of citizens affected by return action) a handful of workers. And this has happened in both the cases with the public sector firms, dealing in essential commodities of daily requirement. The avoidable dislocation in the supply of an essential commodity like a cooking fuel cannot but be viewed with the utmost seriousness. Unfortunately a sense of urgency in removing the bottleneck in supplies was not very much evident in the conduct of the companies and the Central Government under whom they work. It is gratifying to note that the Union Government took up the challenge subsequently and decided to bring in home guards personnel to run the Bharat Petroleum refinery in Bombay. This was a step in the right direction and highly commendable. For it is impermissible for any Government to be a silent spectator where the daily requirements of the citizens are threatened by industrial or any other action. Production in the refinery has now returned to normal.

At the end of October 1981 there were about 30 lakh applicants on the waiting list for cooking gas (LPG) connections in the country despite the fact that from March 1981 onward the oil companies had started releasing one lakh LPG connections per month. According to a statement by the Minister for Petroleum, Chemicals and Fertilisers in the Lok Sabha in November, 1981, the waiting list of the applicants for LPG connections was expected to be cleared by 1983-84

LETTER FROM WASHINGTON

HASMUKH SHAH

US economy slides deeper into recession

THE United States economy has slid deeper into recession and all the available economic data make it amply clear that there are no signs yet of an early end to this recession. The various major American economic indicators—such as the decline in the gross national product, rising unemployment rate, shrinking industrial output, sluggish auto sales, big drop in new housing starts—are all confirming the widespread recession that overtook the U.S. economy last July.

The downturn in the American economy being experienced since last six months was officially labelled in the beginning of this year as recession. The National Bureau of Economic Research, which monitors the business cycles in the United States, declared on January 7 that the US recession began last July. This is the eighth recession pronounced by this organisation since World War II. The bureau's business cycle chronology dates back to 1854 and over these 128 years, its pronouncements have taken on a quasi-official character.

The average post-World War II recession has lasted about 10 months, according to Martin Feldstein, chairman of the National Bureau of Economic Research's dating committee. Thus, if the current recession were typical, it would end next May—in line with the forecasts of many analysts as well as economists of the Reagan Administration.

However, the figures as revealed by the various economic indicators seem to confirm the fears of some of the leading private economists such as Alan Greenspan, chairman of the Council of Economic Advisors under President Gerald R. Ford, and Albert Wojnilower, economist at the well-known security firm of the First Boston Corp., that the current recession in the United States will last longer than earlier prediction of the Reagan Administration that the U.S. economy would snap back from the current recession next spring.

These private economists predict that unemployment rate in the US would reach nearly 10 per cent. The nation's economic ills stem from the large spending deficits by the US Government that have contributed to high interest rates, they say. The recession is going to last several more months.... "There is yet no indication that the bottom is directly in front of us."

The remarks by Mr Wojnilower and Mr Greenspan closely parallel the sentiments of the economist, Henry Kaufman of the renowned investment firm of Salomon Brothers, Inc. of New York. In a speech last month to the firm's clients, Mr Kaufman said interest rates "will probably be threatening their 1981 highs" by the end of 1982 because of a "confrontation between the credit needs of the US Treasury and those of business corporations. The resurgence of long-term interest rates threatens to increase business bankruptcies and harm corporations, the housing industry and local governments in 1982, Mr Kaufman forecast. The comments of this well respected economist touched off a wave of selling in both the bond and stock markets in America.

The "collision" between tight monetary policy of the Federal Reserve Board and the loose fiscal policy of the Reagan Administration should be expressing itself considerably more violently in 1982 than was the case in 1981," Mr Wojnilower said, largely because increased defense expenditures will be coming on stream. There is, thus, the "shadow" of either runaway inflation or a serious depression, depending on which problem the American Government under Reagan Administration tries to combat, the economist said.

The most likely outcome is a middle course between the two extremes, not due to compromise, but to zigzags in policy, "Mr Wojnilower said. The US economy will be heading out of the recession saddled with a tight "no-growth" monetary policy and $100 billion federal budget deficits annually. This will create strains in credit markets—particularly when the next tax cut scheduled for July, 1982 adds its stimulative effect—that "there will be new highs, although perhaps by not much, in long-term interest rates, and short-term rates will get back to the order of magnitude that we had in the summer of 1981," Mr Wojnilower said. The three-month US treasury bills had soared to just over 14 per cent in 1981.

A year from now, the gross national product may be 1 per cent higher in real terms than it is now and a new recession will either be under way or about to get under way," he said. The year 1983 will look very much like 1982," Mr Wojnilower said.

As with Mr Greenspan, Mr Wojnilower and Mr Kaufman, a new economic forecast issued by the Citibank in New York suggests that Reagan Administration may be disappointed in expecting the economy to snap back from the current recession in spring.

Meanwhile in a recent speech to the Society of the Plastic Industry in Washington, D.C., Mr Murray Weidenbaum, chairman of President Reagan's Council of Economic Advisors, said the US economy in 1982 will "come in like a lamb, but go out like a lion." Dr Weidenbaum said that the economy will experience modest decline in the first quarter of 1982, with the second quarter a turning point leading to rapid growth in the third and fourth quarters of 1982. He added, however, that 1982 as a whole will not show much growth over 1981 and that the current recession is one of the "average length and depth."

Stressing the benefits of a tough monetary policy of the Fed and in-

Continued on page 285

EDITOR'S NOTEBOOK

Vadilal Dagli

I was aggreably surprised when a foreign banker told me recently that India's credit rating was among the highest in the world. I asked him the reason. He just said: "You are rated today quite high in international money markets". I think the main reason why our credit-worthiness is among the highest in the world is the fact that we have not borrowed heavily from world money markets as countries like Brazil and South Korea have done. India's Euro-currency borrowings during January-May 1980 had been only $ 31 million as against $ 388 million by Brazil. In the corresponding period of 1981 India's borrowing rose to $ 880 million. But this also was quite low if one remembered that the Euro-dollar market lent more than $ 200 billion in 1980 itself. While other countries have already found themselves in an over-extended position, our borrowings have been marginal. That may also be the reason why surplus funds of Euro-currency markets may feel attracted towards India.

Countries like Brazil, South Korea and even Nigeria have borrowed so heavily that lenders would not like to lend them more. So where else the surplus funds would go? Countries like Pakistan and Poland have problems of even paying the interest on the loans already given. In this situation the attraction to lend to India is all the more pronounced. I believe that the three most important reasons of our credit-worthiness in international markets are: (a) In the matter of food we have become self-sufficient; (b) in industrial development we have not been assemblers of parts but are builders of machines that make machines and that we are almost self-reliant in the manufacture of plants for many key industries; (c) compared to other developing countries our rate of inflation continues to be less than a two-digit inflation. Besides, India has an administrative machinery which, with all its deficiency, is superior to that in quite a few developing countries. This is also a matter of considerable significance in our credit worthiness.

★

GERMAN economy was the envy of the world. But now it has also joined the 'unemployment queue' of the Western world. The main fear of German rulers has always been inflation after the experience of the '20s when literally it took a cartload of currency to buy a cup of coffee. It is this hyper-inflation which made Germans more alert than other Western countries in curbing potential inflationary pressures like government spending, increase in money supply and fall in productivity. While curbing the inflationary pressures they have come across another problem—unemployment. The dilemma that the German government faces is this: If it increases government expenditure to create more jobs in a Keynesian fashion, government deficit will increase and money supply will also increase much faster than the rise in real national income. But if they do not increase government expenditure the army of unemployed will rise. At present 19 lakh Germans (or a little more than eight per cent of the German work force) are unemployed. The problem of unemployment is so acute that the Chancellor, Mr Helmut Schmidt, has threatened to resign if his party and the coalition partner, the Free Democratic Party (FDP) do not support him in increasing government investment to provide jobs. While the general unemployment is 8.2 per cent, the unemployment among the so-called guest workers (imported labour from Yugoslavia, Turkey, Spain, Italy and Greece) has been as high as 15 per cent in some industrial pockets.

Mr Schmidt, who was Minister of Finance earlier, has a reputation of being an outstanding economist also. On one occasion he said that he would welcome five per cent inflation rather than five per cent unemployment. The opposition to Mr Schmidt's programme for increased expenditure to create more jobs comes mainly from the junior coalition partner FDP. The FDP minister for economic affairs, Dr Otto Graf Lambsdorff, feels that the federal budget which is also in deficit of some 40 billion marks will go up if Mr Schmidt's proposal to inject into public expenditure about 7 billion additional Marks for creating new jobs is endorsed. He says that it would push the inflation rate further. The opposition party—Christian Democratic Union (CDU)—also is against this increase in public investment on the same grounds The FDP and CDU are thus together in opposing Mr Schmidt and some reports credit the FDP with toying with the idea of abandoning the coalition in favour of CDU. Perhaps keeping this in mind the Chancellor has threatened to resign if his proposal for creating new jobs through increased public investment is not accepted. This might be a shock therapy to caution the FDP. Their political alliance with the SDP in the government is also at stake if they do not endorse the Chancellor's labour policy. The FDP took the hint and rallied to a member in the vote of confidence that the Chancellor sought in his policies in the Bundestag. The motion was carried by 269 votes to 226 on February 5.

★

WHILE inaugurating the Fifth World Book Fair in New Delhi on February 4, the Prime Minister, Mrs Indira Gandhi, observed that the fear that the growth of technology and electronics (radio, TV and films) would render books redundant has been proved unfounded. She said that books had been available since times immemorial and they had been good friends of human beings. Books symbolise thinking and this is why technology cannot make thinking obsolete. She also said that books had enabled man to travel mentally. She remembered her father (Jawaharlal Nehru) who taught her in her early life that the need for good books was the most primary one. Why have TV and radio not made books obsolete? I think books are silent friends and you can be with them whenever you like while radio and TV would require your attention at a particular point of time. Books are civilised friends which chat with you in silence. Even when I hear a serialised novel of Thomas Hardy over radio I do not get the same pleasure when I read it. Probably the printed word has the magic of entertaining the mind which is inexplicable. You can enjoy books at your leisure, at your speed. You may close it down; you may open it, you may read it in the early morning; you may read it in the middle of the night; you may read a sentence and pause for a moment and ponder over it.

Mrs Gandhi made another important point that it would be a pity if books remained the possession of intellectuals only. They should be made available to housewives, farmers and workers, she said. She should study the economics of book publishing in India. Banks do not consider book publishing a bankable business, let alone a priority business. If banks are at all interested, they are interested in only book publishing in English and not the regional languages, which are incidentally national languages, of India. At the airports as well as in public sector hotels surely Mrs Gandhi must have seen that only imported sexy and murder books in English are displayed. Even if the display of regional books is promoted in these places it will further the cause that is so dear to Mrs Gandhi and to intellectuals alike.

COVER STORY

RELEVANCE OF SOUTH-SOUTH CONFERENCE

Where is the Third World infrastructure?

By VADILAL DAGLI

WORLD exports in 1963 amounted to $ 1,55,000 million. They increased to $ 16,25,000 million in 1979, marking a growth rate of 15.8 per cent per annum during this period. The share of the industrial world in the increase in the world trade during this period was 64 per cent while that of the developing countries was only 36 per cent. These statistics do not reveal two developments: (a) the rich are trading among themselves to increase their wealth and (b) exports of leading countries like the United States to developing countries have been substantial and they have been rising more rapidly than the rate of their exports to the developed countries. For instance, between 1974 and 1980, exports of the United States to industrial countries increased at the rate of 13 per cent per annum while to developing countries they expanded at the rate of as much as 16 per cent during the same period.

This is a development which has kept the developing countries in the backyard of trade. Then came the oil price rise of the mid-seventies. Ironically, it hit the non-oil developing countries more than the rich world which ostensibly paid enormous amount to the OPEC countries. But in a few years their balance of payments position improved because of the fact that the OPEC countries deposited their surplus funds in the banks of industrialised countries, particularly the USA, thus helping them in their balance of payments position. Current account balance of payments deficit of industrial countries was expected to decline from $ 44,100 million in 1980 to $ 29,000 million in 1981, while that of non-oil developing countries was likely to increase from $ 82,100 million in 1980 to $ 97,000 million in 1981. Secondly, the export prices of the industrial world now reflected the increased price of oil with the result that on trading account also the position of the rich world improved. The multinational institutions like the World Bank, IMF and the Asian Development Bank also functioned as glorified export banks of the rich countries. So, whatever way one looks at it, in the present international economic order, industrial countries always benefit and the developing countries invariably suffer.

It was, therefore, pleaded at many international forums that developing countries should trade more among themselves, not only to mitigate the suffering of poverty, but also to increase their bargaining power while dealing with industrial countries. While these were pious sentiments, no worthwhile effort was made to institutionalise this idea. It is, therefore, a matter of great importance to the developing world that New Delhi has taken the initiative to organise a conference of developing countries to find ways and means to increase trade among themselves.

When we speak of developing countries, we should also include oil exporting developing countries because they are our allies in our unequal battle with the rich world. It is in the interests of the *OPEC* countries themselves that they should earmark a certain percentage of their imports for the developing world. Similarly, when we speak of the rich world we should not include in that category the Soviet bloc countries. Most of the Soviet bloc countries at present are afflicted with the foreign exchange shortage. It would be in the interests of the developing countries as well as the Soviet bloc countries to broaden their trade base so that the Soviet Union and her allies import manufactured goods and some capital goods from the developing countries on a long-term basis. This should help in raising the standard of living of the people in the Soviet bloc countries, while providing, at the same time, an outlet for goods manufactured by the developing countries which will give them the automatic facility of the economies of scale if the Soviet markets are also opened to them along with the markets of the developing countries.

In August 1981, two economists of the World Bank, Mr Oli Havrylyshyn and Mr Martin Wolf, produced a staff working paper entitled *Trade among Developing Countries: Theory, Policy Issues,* and *Principal Trends.* This study was based on data from a sample of 33 developing countries that accounted for about 60 per cent of the developing countries' exports to one another. The main conclusion of the study is that non-fuel trade among the developing countries excluding capital-surplus oil exporting countries accounted for a remarkably stable share of their total trade between 1963 and 1977. The study also brought out two opposing trends: (a) The share of manufactures exported to developing countries has been falling sharply while (b) that of non-fuel primary commodities has been rising, largely because of the demands of the newly industrialising countries (NICs). In simple words, what the study shows is this: Raw material and food exports among developing countries have been increasing while those of manufactured goods and machinery have been showing a declining trend.

Among the issues that the World Bank study has posed is this: Colonial trade patterns imposed a straightjacket on developing countries, leading to a bias away from potentially more lucrative trade between one another because of the transport, financial and marketing constraints. But, as against these historical disadvantages there are obvious advantages of increasing trade among developing countries. If developing countries trade among themselves rather than with the industrial countries they get “opportunities for learning by doing, the shared technological requirements of the South and the advantages of the appropriate technology supposedly embodied in capital goods produced by developing countries.” The world famous Third World economist, Sir Arthur Lewis, has argued that “the world is probably entering a period of chronic slow growth whose effects on developing countries can be mitigated, if not escaped altogether, only if they increase trade with one another”. The strength of Arthur Lewis's recommendation is underlined by the fact that in the seventies increased trade among developing countries has already performed this role.

The World Bank study (which however, makes it clear that

22 FEB 1982

nd interpretation in this document are ose of the authors and should not be tributed to the World Bank") points ut that "Those who think that trade mong developing countries is discrimi-ated against cite liner conferences for hipping that are dominated by industrialised country firms, lack of credit, or roblems with currency convertibility nd then focus upon policy reform in hese areas". The question that ought) be asked is this: What should we do) build up the Third World infrastrucure?

So the New Delhi conference should oncentrate on four areas which should rovide the framework for increasing rade among developing countries. First f course is shipping. Shipping or air eight could be biased against trade mong developing countries because of omination by developed country firms. hird World countries should build up hipping tonnage individually and collecvely in such a way that trade among hemselves should not be limited by the ansport cost. A crucible made in India ould not be exported to the Philippines ut a crucible made in England could be onveniently imported into the Philipines because of the shipping facilities hat British exporters enjoy. Of the world hipping tonnage today, the developed ountries' (OECD) share is 420 million rt or 88 per cent of the total, while hat of the developing countries' share is nly 57 million grt or a mere 12 per ent. We are not including the shipping onnage of the Soviet Union and East uropean countries in these comparative gures since the Soviet Union and its llies are not participating in the Northouth debate. So the New Delhi conerence should set the target that during he decade of the eighties the shipping onnage of the Third World is at least oubled after allowing for the scrapped onnage.

The second area which should comnand the attention of the New Delhi onference is banking. Credit is the rucial element not only for export but lso for the manufacture of ordinary oods as well as capital goods. If deveoping countries are to increase trade mong themselves, they should also devep a wide branch network in other eveloping countries. For example, a ountry like India has only 140 branches of Indian banks abroad. At the end of the decade this number should rise tenfold to 1,500. Trade does not follow the flag these days. Trade follows a bank. Similarly, the Third World countries should establish regional payments union and regional and multi-regional financial institutions so that institutions like the World Bank and IMF (dominated by the United States and Europe) and the Asian Development Bank (dominated by Japan) become of marginal importance in stepping up the rate of growth of developing countries.

The third area of importance for the New Delhi conference is building up an insurance link. The importance of insurance is reflected in the phrase 'cif' (cost, insurance, freight). Today insurance is also the rich world's monopoly. Here is an area where the OPEC countries can provide their financial backing to the Third World. This would not only break the hold of Western world on insurance but provide a new area of insurance income to *OPEC* countries.

The fourth important area that the New Delhi conference should deal with is market barriers. Besides oligopolistic shipping markets, inadequate trade credit and currency convertibility, the World Bank report also refers to market barriers—lack of market knowledge or of marketing institutions. It suggests that it would be advisable to subsidise labour-intensive exports to developing countries. As far as marketing is concerned, Japan which has developed incredible international marketing organisations could give technical assistance to developing countries to build multinational marketing organisations for trading exclusively among developing countries. A beginning could be made in this direction by establishing marketing corporations for increasing trade among countries in South Asia, Africa, Latin America and South-East Asia.

The New Delhi conference should pay special attention to increase exports to the capital-surplus countries in West Asia and other parts of the world. These countries are more like the developing than industrial countries despite the fact that they have very high per capita income levels. They are barely industrialised, have inadequate infrastructure and include a large segment of non-commercial economic activity. Above all, they are undergoing one of the fastest structural changes in human history. This historic development would make their import requirements more like those of other rapidly growing developing countries. From technological and cultural points of view, exports from developing countries to these capital surplus developing countries would be more congenial if developing countries control shipping, airlines, banking and insurance.

Trade among developing countries can only increase if joint ventures among the Third World countries are promoted by offering special political and fiscal concessions. It is a matter of gratification that industrial development in some parts of the Third World is so varied that such collaborations among the developing countries are possible. There has been some direct investments by OPEC countries in oil importing Third World countries, but these investments have been marginal. Instead of using Western banks to re-cycle their surplus funds, OPEC countries should use Third World banks and financial institutions to recycle their capital resources. It is therefore necessary that the interest rate structure in Third World countries should be more attractive to OPEC countries than that obtaining in the Western world.

It is also necessary that the Third World countries should not curse profitability of industrial corporations in the name of socialism. While Third World countries talk of socialism, OPEC countries go on investing in profitable German, American and French companies. If our attitude towards corporate profits is not changed, it would be idle to ask our Arab friends to invest say, for instance, in India where profit is a curse word. As a matter of fact, in India because of our distorted policy for profits, huge unaccounted profits are made outside the balance-sheets while the official companies are starved of investible resources. If we want to attract OPEC funds, we should make our financial and corporate assets more attractive than such Western assets. The New Delhi conference should avoid general discussions on the need for increasing trade among developing countries. This would be a waste of time. What is required is a small step towards the creation of Third World infrastructure among the developing countries and for the developing countries, so that they may trade among themselves in the spirit of self-reliance.

COVER STORY

Evolving concrete programme of cooperation

By L. K. JHA

MANY factors are responsible for the deterioration in the climate of negotiations. It would be futile to seek one single simple explanation for it. One of the most important causes of the setback was the worsening of the economic plight of developed countries.

In the 50's and 60's, the industrialised countries had passed through a phase of phenomenal prosperity. Their rate of growth was high. They had nearly full employment. The price level was on the whole stable. But by the end of the sixties, adverse trends began to afflict the economies of the North. Inflation was mounting. Attempts to curb it by the traditional techniques of monetary and fiscal policy led to unemployment and a slowing down of growth. The increase in the number of jobless and the recessionary conditions could no longer be tackled by Keynesian techniques which only seemed to add fuel to the flames of inflation. In such a predicament, countries of the North were too preoccupied with their problems at home to concern themselves with the distress and disadvantages of the poorer countries. Something of the mood of the thirties was evident again. Inward looking policies were to the forefront.

Protectionist sentiment was gaining in strength. While there was enough sense to see the dangers of protectionism if applied by one developed country against another because of fear of retaliatory action, there was less squeamishness about restricting imports from the developing countries. They were made to enter into what was called voluntary agreements, but in actual fact were the result of a tremendous amount of arm-twisting to curb their own exports to the markets of the industrialised countries. The spirit behind the generalised scheme of preferences all but disappeared and a generalised scheme of discrimination began to afflict the exports of the developing world.

In the area of aid too, developed countries began to pull back. There was frequent talk of aid fatigue. Industrialised countries, it was said, were tired of pouring resources into what looked like a bottomless pit and they frequently accused the developing countries of having recklessly squandered the massive resources which had been transferred to them. To counter this trend, the World Bank invited the Nobel Laureate, Mr Lester Pearson, ex-Prime Minister of Canada, to head a Commission. In its report entitled "Partners in Development", the Pearson Commission urged the prosperous countries to contribute one per cent of their gross national product to the poorer countries to speed up their development. After a lot of debate in which the industrialised countries claimed that in reckoning the volume transfer full account must be taken of private capital investments, the target of 0.7 per cent of GNP was endorsed for official development assistance or ODA.

But the overwhelming support which this figure had in the UN did not make much difference to the situation. Most of the votes in favour of the resolution had anyhow been cast by the developing countries themselves. The Soviet Union and countries of Eastern Europe while sympathising with the pleas of developing countries maintained that the obligation to assist did not apply to them since they had not been imperial powers and could not be blamed for the lack of development in countries which were under colonial domination. The countries of the West declared that the resolution did not have a binding character but was merely in the nature of a recommendation.

As regards the stabilisation of commodity prices with a view to preventing a worsening of the terms of trade of developing countries, all kinds of objections were raised by the richer countries in every international forum where the issue was discussed. Such an attempt, it was argued, implied cartelisation while the accent should be on competition and giving market forces a free play. The further point was made that no attempt to stabilise commodity prices could really succeed. It would only mean massive outlays which would eventually turn out to be wasteful because market forces must in the end triumph. Behind these arguments was the feeling widespread in the business community of the developed countries that the sharp periodic downtrend in the price of primary products contributed to the progress and prosperity of industrialised countries and helped the processing and manufacturing industries of the North.

The situation the early 70's coul be summed up as follows:

Much of the goodwill which th developed countries of the West had bee displaying ever since the end of Worl War II towards the aspirations of th developing countries, particularly thos which had become independent after long period of colonial subjugation, ha all but vanished. Their pre-occupatio with their own economic problems le them not only to ignore the proposal for helping the developing countries bu also to backslide from past pledges an commitments on one excuse or another They were particularly reluctant to participate meaningfully in any UN forun where the numerical superiority an Soviet bloc support enabled developin countries to ensure that resolutions putting forth their demands were carrie with a powerful majority. Even in specialised agencies like the World Bank, th IMF and GATT the slow but stead progress which was being made virtuall come to a halt, the voice of developin countries falling as a rule on deaf ears

The developing countries for thei part, disappointed with the pace of pas progress, were facing new frustrations They could no doubt rally support t their resolution in the UN but the opposition of the West to them meant tha they remained virtually dead letters. Th senario was truly bleak.

Where the Brandt Report brok fresh ground was in spelling out the way in which the acceleration of developmen in the South was beneficial to the North and further, how, looking at the issue in a global perspective, cooperation between the North and the South was vita for the future of mankind and to ensur that some of the basic necessities fo such survival continued to be availabl in the next century. The other new d mension which the Brandt Report adde to the consideration of the North-Sout issues was its emphasis on North-Sout cooperation in order to meet the threat to the future of mankind looming on th horizon as the century draws to a clos In specific terms the Commission identified three areas for urgent action.

Firstly, on the food front, if ther was not enough food to sustain the rising world population, prices would ris causing inflation in every country. Eve

---

This is a summary of Sarojini Memorial Lectures delivered by Mr Jha, chairman of Economic Administration Reforms Commission. He is also a member of the Brandt Commission.

COVER STORY

grave threat to peace could develop if illions and millions of people faced unger and starvation. Since developed ountries already had high levels of agriultural productivity, a major increase in orld food supply would only be possible in the developing countries provided he productivity of the soil could be raisd by assisting them to have more of rigation fertilisers and other inputs.

Secondly, over time oil will have to e replaced by other energy sources. The onger the period of transition the more rderly and smooth would it be. Since n the developed countries, full exploraon for oil reserves had already been nade, the brightest prospects of making ew finds of oil were in developing counries. They had to be helped with reources for extensive exploration.

Thirdly, while these two consideraions necessitated larger transfer of reources to developing countries, on the world monetary scene such financial ows would have a beneficial effect. Preently, there were tremendous surpluses f the *OPEC* countries invested on a hort term basis in the banking system f the western world. Much of these ave been lent to developing countries to inance their developmental projects which were long-term in character. Having borrowed short for a long-term purose, many of these countries were facng a grave debt problem. If by any hance any of them defaulted, not only would their currencies collapse but the anking system of the western world would receive a severe jolt. And if the aith of the *OPEC* in the stability of the western banks were shaken, there could e sudden capital movements playing havoc with exchange rates and monetary tability. Institutional arrangements to nable *OPEC* surpluses to be utilised for ong-term investment in developing counries, along with the legitimate contribuion of countries of the North, would help the third world to develop and promote stability in the world.

On the question of transfer of reources, little progress was made at Canun. The need for more resources being vailable to sustain the programme on he food and energy front was implicitly ccepted. Some of the *OPEC* countries had been more forthcoming than was oriinally expected. On the other hand, counries which were importing major cuts in heir budget to curb inflation or in puruit of monetarism were not ready to promise any kind of an increase in overseas development assistance. They emphasised, herefore, the need for making greater use of private foreign capital placing reiance on the magic of the market place.

With the New Year new initiatives have started. Even though the General Assembly is not in session, behind the scenes negotiations are in progress over the draft of a compromise resolution which would lead to the convening of a conference to settle modalities of global negotiations.

The Prime Minister, Mrs Indira Gandhi, has convened a conference of a select number of countries belonging to the Group of 77. It will not only take stock of the situation in the UN regarding global negotiations but will also address itself to a more fundamental question: even if agreement is reached in principle to start global negotiations it will be years before any conclusions emerge. Meanwhile countries which face a situation of emergency—and there are particularly the low-income countries—will be passing through a grave crisis. Clearly, an emergency programme of concrete action on some of the critical issues must be taken in hand without delay and without waiting for the outcome of global negotiations.

Secondly, while global negotiations will deal with North-South issues the possibilities of cooperation among developing countries themselves, on which an ambitious programme was evolved at Caracas, cannot be lost sight of. Within the South itself, there are capabilities of countries helping each other: unless the fullest use is made of them, the dependence of the South on the North will get perpetuated. The Delhi consultations should pave the way for some concrete achievement in this area.

Yet another initiative of a non-governmental character has been taken by the members of the Brandt Commission who met at Kuwait on January 7 and 8, 1982. Their thinking was very much in line with the Indian approach. The Commission's report had emphasised that the summit meeting should address itself to an emergency package, taking stock of the developments which have taken place, the worsening of the debt position of many developing countries, the decline in commodity prices, the rise in the price of oil as well as other imports of developing countries: the members of the Commission felt that they must come up with concrete proposals for immediate action. While they were able to identify the issues at their Kuwait meeting, they are planning to prepare a brief report setting out the blueprint of measured which must be immediately taken, alongside the global negotiations. The programme they have in view includes: (1) Special measures to provide secure food supplies to worst-hit countries, (2) arrangements to resolve the most urgent problems of debt, (3) widening the scope of international financial institutions, including establishing a new energy agency to finance exploration and development of additional energy sources, and (4) special assistance to countries which are critically affected by the deteriorating terms of trade, including the high cost of oil, concerted pressure to resist protection and liberalise world trade, particularly at this year's ministerial meeting of *GATT* and *UNCTAD;* together with bolder measures to alleviate unemployment.

It would be rash indeed in view of the past chequered history to strike a note of unqualified optimism about the outcome of these efforts. But there is little doubt that there has been some awakening of the conscience of the richer countries. Not only among intellectuals and economists but even among the people there is a growing awareness of the tragic paradoxes in the present state of the world economy in which productive capacity remains idle even while hundreds of millions of people are deprived of the basic consumption needs. Will the governments, who represent their peoples, find a sensible way out or will they remain eternally locked in a sterile debate unrelated to the realities of life?

READ
COMMERCE PAMPHLETS

Pamphlet No. 166
Bio-gas Technology—
Alternative Source of Energy for Rural Areas
By A. R. Patel

Pamphlet No. 167
Politics and Economics of Delay
By Subhash Chandra Sarker

Pamphlet No. 168
Company Law Reforms
By Ch. S. Rao

Annual subscription Rs 50

COMMERCE PUBLICATIONS LIMITED
Manek Mahal, 6th Floor,
90, Veer Nariman Road,
Bombay-400 020.

COVER STORY

Twin objectives before conference

By ARVIND BHANDARI

IT is fervently hoped that the initiative taken by India in organising a South-South conference, to be held in New Delhi from February 22 to 24, would be fruitful, for the outcome could have a bearing on the economic future of millions of people who remain stuck in the morass of poverty.

A clear perception of what is aimed at is important. One view, which is fortunately in the minority, recommends suspension by the South of efforts to evoke a meaningful response from the North and concentration exclusively on building collective self-reliance among the developing countries. Such a view is palpably absurd, reflecting growing impatience with the North-South parleys which have admittedly proved frustratingly difficult. The view is also based on an over-estimate of the growth impulses that could be generated in the developing world through mere internal interaction. The sobering fact is that maximisation of the economic well-being of the South would still require transfer to it of the higher technology and surplus resources of the North. Therefore, the forthcoming conference should aim at two objectives, simultaneously. One, how to get the North-South global negotiations presently bogged in acrimonious differences, moving again. Two, how to achieve a measure of collective self-reliance in the Third World through economic cooperation among the developing countries. In all the preparatory discussions in connection with the conference New Delhi has quite properly put equal emphasis on these two main objectives.

It is evident that no meaningful progress towards these twin objectives is possible unless there is a certain degree of unity within the South. If the South means business, time has arrived for it to shed its mask of self-righteousness and indulge in some self-examination. Does South have the moral right to describe itself as one unified entity when one part of it has been remorselessly breaking the economic back of the other part? While the oil-exporting developing countries have been fleecing the oil-importing developing countries through exorbitant oil prices, they have offered them a sop in the form of an *OPEC* fund for development. The size of this fund and therefore the aid available to the Third World oil-importers is just a token compared to the heavy burden that has been put on their economies because of the oil price hikes. Further, disbursement of the *OPEC* aid is not unoften coloured by communal considerations. So rigid is the posture of the oil-exporters and so complete the blackmail of the oil-importers that negotiations between them generally dwell on assurance of oil supplies, but the question of a preferential price hardly ever comes up. And occasionally when it does, as happened at the 1979 non-aligned summit in Havana, no amount of pleading makes a difference.

Regrettably, even the oil-importers of the South are not fully united because the oil-exporters have been occasionally showing nominal concessions to some countries on regional and communal considerations. Oil-importers of Latin America have benefited at the hands of Mexico and Venezuela. Muslim oil-importers of Asia have benefited at the hands of the oil-rich Arab countries and Indonesia. In this kind of a scenario India, of course, stands isolated. Oil have-nots of the South should forge a proper unity and persuade, pressurise or even pester the oil haves of the South to supply them oil at a preferential price compared to the price charged to the industrialised rich nations of the North. India, as a major oil-importer of the developing world, should take the lead in this connection, and the forthcoming New Delhi conference provides precisely the right forum for such an initiative. Till the South remains split asunder by the oil line it can have neither the united strength to confront the North nor the requisite harmony for meaningful internal interaction.

Furtheremore, it is almost equally important that the petro-dollars of the South should be recycled in such a way that they are channelised into alleviation of poverty in the South. Efforts in this regard have so far more failed than succeeded. Niggardly response to India's efforts to attract petro-dollars for investment in its core sector is a case in point. Wealth of the oil-exporters of the South is being either squandered on superfluities of the West or stacked in western banks. It is estimated that a whopping sum of $ 100 billion goes from oil-exporting developing countries into American and European banks. Cannot a part of this be channelled into the oil-wrecked countries of Asia, Africa and Latin America? This question should be taken up seriously at the conference and, hopefully, spadework done to establish some institutional machinery for the investment of petro dollars in needy countries.

Oil apart, even otherwise the South is not a harmonius whole but rather a conglomeration of countries which are disparate in terms of geography, levels of economic development and political systems. These obstacles to unity will have to be overcome. The difficulties are not only immense but have been exploited by the rich North to sow seeds of disunity.

Much preparatory work has gone into this conference. Only 34 nation were initially invited with the result tha the sensitivities of those which were lef out had to be assuaged. For days together Mr S. K. Singh, additional secretary in the External Affairs Ministry called in a succession of envoys to brie and explain. It was felt that a conference of all the developing nations woul have been unwieldy. There are 122 members of what continues to be called th Group of 77. At Mrs Gandhi's suggestion, therefore, it was decided to invit only the Committee of 27 set up th Group of 77. However, the membershi of the Committee, like that of the Grou exceeds the label it bears. Invitation were thus sent to 32 members of th Committee. In addition, Egypt an China were invited.

Egypt was extremely keen to part cipate, perhaps because it has been fee ing the icy blast of isolation from th Arab states. The decision to invi China was that of the Indian Gover ment. It was taken both as a gesture t that country and also in the hope th Chinese participation would give th Third World gathering a more represe tative character. China is not a memb of the Group of 77 because of its pe manent membership of the UN securi council. But it has been giving signa to the effect that it regards itself a pa of the Third World. At Cancun Chi sharply criticised the obstreperous at tude of the rich nations. Subsequent when the question of choosing a U new Secretary-General came up, it sid with the Third World even more dram tically, vetoing the proposal to contin with Dr Kurt Waldheim 16 times a

COVER STORY

sisting that his successor must be from developing country.

The restriction of the invitees to nly 34 country initially had raised ome ticklish problems with Nepal in articualr feeling hurt at being excluded om the conference, New Delhi early this onth, therefore, extended invitations 11 more countries to the conference mong whom are Nepal, Iran, Morocco, outh Korea, Romania, Burundi, Triniad & Tobago, Gabon, Nicaragua and olumbia. This has been welcomed in any quarters.

Although representation at the conerence is to be at the level of top offiials, President Nyerere of Tanzania will e present. Mr Nyerere is being honourd by the London-based Third World oundation for his services to the cause f the developing nations and the foundtion has requested Mrs Gandhi to hand ver its annual award to the Tanzanian President personally Appropriately enough, the award-giving ceremony is beng made the starting point of the threelay conference.

This will be the fourth gathering of leveloping countries. The first conerence was in 1976 in Mexico where the leveloping nations evolved a basic ramework of collective self-reliance. It was further refined and elaborated at the Arusha conference in Tanzania in 1979. And Venezuela last year hosted at Caraas the conference on economic cooperaion among developing countries. Thereore, Venezuela, as the previous host, as been particularly consulted in the organisation of this conference. Other countries to be specially consulted are Mexico, host of Cancun, and Algeria, which is currently chairman of the Group of 77. It speaks volumes about the continuing difficult attitude of the oil-haves towards the oil have-nots that Saudi Arabia, world's biggest oil exporter, is not attending the conference.

Since one major objective of the South-South conference is to get global negotiations moving, the story of the unmitigated disaster called the North-South dialogue may be quickly recounted. In September 1980 the United Nations General Assembly held a special session on the subject which collapsed ignominiously. After that the situation worsened because of Mr Reagan's ascension to power in the United States, for the new President was not willing to even countenance the process of global negotiations. Following pressure by his western and Japanese allies, particularly President Mitterrand and Mr Trudeau, the US president agreed to participate at Cancun in October last year provided there would be no agenda and no joint communique. The beaming Third World faces that emerged from the Cancun conference were, it soon became clear, the result of a massive exercise in self-deception; nothing had changed. The United States has completely backed down from the post-Cancun resolve that North-South global negotiations should start in March 1982, with the result that at present there is virtually no agenda for discussions on the subject. In order to break the impasse both the United States and the Group of 77 are exploring the possibility of hammering out an agreed draft for a "short resolution".

From the conversations I had with various diplomats at the United Nations in New York towards the end of November 1981, as well as recent newspaper reports, it appears that there are three issues that divide the two sides. One, the United States wants no reference made to the main resolution of the UN General Assembly, passed in 1979 and to which the United States is committed, which lays down the basic framework for global negotiations. The disagreement is over semantics for providing a linkage between the UN resolution and the short resolution. The Group of 77 wants to "reaffirm" while the United States wants only to "take note of" the UN resolution. Two, what would be the status of the UN conference that would come into existence as a result of the short resolution? The United States is inclined to regard it as only a preliminary conference to be followed by the main conference afterwards. This is unacceptable to the developing world which wants only one conference for the negotiations. The utmost they could go in accommodating the United States is to use the words "the conference in its initial phase", implying that there would be two phases of the same conference but not two conferences.

Three, what should be the competence of the specialised agencies? It is this question that comprises the insurmountable hurdle. The United States insists that all issues such as transfer of official resources, increase in multilateral concessional credit or protectionism in trade should be referred to the Bretton-wood agencies—World Bank, IMF, GATT. These agencies are controlled by the United States and other industrialised nations. The Group of 77 wants that even if these matters necessarily have to be referred to these agencies, their decisions should be reviewed by some central agency like the UN conference on global negotiations or the UN General Assembly itself where the Third World has a majority vote.

The *Times of India* reports from Washington that Mr Portillo, President of Mexico, and Mr Trudeau, Prime Minister of Canada, have sent a joint appeal to the 22 heads of state who attended the Cancun conference to reactivate the preparatory talks. This appeal as well as the afore-mentioned North-South differences will have to be taken up in all earnestness at the New Delhi conference.

Apart from the bickering over global negotiations, the North and the South have been quarrelling at all international forums. Here are two examples. At the meeting of the interim committee of IMF in Libreville in mid-1981 the rich and the poor clashed over the question of allocation of SDRs and appointment of the next chairman of the committee. More recently, the four-day session of the International Fund for Agricultural Development ended at Rome on January 20 with the agreement that the fund would be replenished only to the extent of $ 1,070 million as against the earlier promise of $ 1.5 billion. The rich refused to make full payment of their committed contribution; interestingly, so did the *OPEC* countries.

The US-led North is not only not willing to talk constructively on the subject of establishing a more equitable international economic order; its negative policies are already becoming operational, as is evident from the drastic cut in the World Bank's soft-loan aid to this country. The hypocrisy of the North's posture is evident from the fact that whereas on the one hand it harps about the free market philosophy and private capital flows, it never hesitates to compromise this posture whenever its interests require, as in the case of the Multi-Fibre Arrangement. Another question is what about the Soviet-led Comecon countries. It should be asked at the South-South conference whether they have no role to play in the quest for reduction of global economic disparities.

As for the other equally important objective of the South-South conference, which is to achieve a certain measure of collective self-reliance, any initiatives will obviously have to be based on the principle that the more developed have to help the less developed. Leaving aside the oil-endowed countries of the Third World, its other members may be divided into three categories: fast industrialising countries like Brazil, South Korea, Hongkong, Malaysia and Singapore; populous coun-

COVER STORY

tries like India, Pakistan and China; and least developed countries like Bangladesh and the Sub-Sahara countries of Africa. Despite its low per capita income, India is in a position to render economic assistance to several Third World countries because of its size and technological development. It has been doing so, to a certain extent. Its modest technical aid to Third World nations during the last three decades comes to Rs 1,000 crores. In addition, India has invested or loaned Rs 2,000 crores to finance joint ventures.

While the principle of help from the stronger to the weaker within the South has to be translated into practice with greater vigour on the bilateral plane, evolution of a multilateral machinery is perhaps more important. The Arusha programme of action called for concerted action in regard to establishment of a system of trade preferences among developing countries, establishment of arrangements for cooperative action among state trading organisations of the developing countries and the establishment of multinational marketing organisations of the developing countries. Also,, the development of a comprehensive trade information system of the developing countries and assistance to projects for multinational marketing as well as monetary and financial cooperation were envisaged. Some half-hearted measures have been taken under the Arusha programme, but the results have been far from heartening.

All these issues need to be thrashed out threadbare at the New Delhi conference.

South-South exchanges

By G. J. MALIK

"WE like to see these people; by their activity they contribute to our prosperity". The Queen of Thailand said these words to me in 1975 at the opening of the Nehru School in a tribal village in the hills near Chiengmai in northern Thailand looking at dozens of well-dressed Indian men and women who had come long distances for this great occasion. They were carrying presents for the tribal children who were the sole beneficiaries of this project thought up by my predecessor Ambassador Mr Romesh Bhandari and financed by the large, prosperous and influential Indian community in Thailand.

In addition to merchants, big and small, the Indian community in Chiengmai included, at that time, six medical practitioners. When the King showed an interest in gobar gas, an Indian expert was provided by our Government to instal and operate two biogas plants. Such technical assistance is provided by the Government of India in dozens of countries in Asia and Africa and, indeed, after the traditional, rich, developed, donor countries India is the largest supplier of technical assistance to the developing world in spite of the fact there are over a hundred 'developing' countries whose per capita income is greater than that of India.

Some years ago a World Bank study divided under-development into three categories briefly Asian where all progress is eaten up by the further growth of an already large population, African under-development characterised by a shortage of all skills whether medicine or plumbing and the Latin American variety in which with a plethora of resources, human and physical, the countries do not take off because the citizens have no faith in their own currencies and invest the bulk of their savings abroad. This is, of course, a simplified summary of a voluminous report but it is obvious that there is considerable scope for co-operation between economies and societies within what is called the Third World.

Specifically, the above would lead one to expect that Latin America with high literacy and scholarisation rates and unstable currencies would not attract professional men and women or skilled labour from Africa and Asia. In fact a lot has happened in the dozen years since the World Bank report was written; in particular there has been an oil crisis. One result is that there are today over two thousand engineers, managers and other professionals from India in Venezuela. Not only have they gone as individuals to benefit by the high wages generally prevailing in *OPEC* countries but even institutionally. An Indian company has taken over an old US consultancy firm and is providing the most advanced technological services for some of Venezuela's major projects in the fields of mining and metallurgy.

A similar situation, *albeit* on
smaller scale, obtains in Bolivia. Th
is the more remarkable as Boliv
has climatic conditions to which we
India are unaccustomed. From time
time we read in our press that we ha
built in Ladakh or elsewhere in the Him
layas "the highest....(road, landing stri
bridge etc) in the world". Genera
these reports are not correct becau
communication facilities in the Andes a
far in advance of those obtaining in t
Himalayas. During the second wor
war when the Allies no longer had a
cess to the tin deposits of Malaya a
Thailand tin mines were develop
around Oruro in Bolivia. This necess
ated the construction of a railway line
4,500 metres and trains operating on th
line had to provide oxygen masks in t
passenger compartments. Similarly t
airport of El Olto (La Paz, Boliv
which takes regular international fligh
is over 4,000 metres high. As long a
as 1954 it was a stop for flights origin-
ing in North America. The ski-ing
sort of Chacaltaya is at more than 5,0
metres. Even in these conditions Indi
mining engineers, space scientists a
other specialists are able to satisfy Bo
vian demands.

A Haitian or an Indonesian w
has had the perseverance to read this
may well say that I have described
one-way traffic in which a poor a
under-developed country takes advanta
of its size and population to provi
skills to others less favourably placed
some way and that while Indians w
have these skills may profit by the ex
cise the country would do better to u
these skills at home where large s
ments of the population are deprived
the most essential services.

Indeed the traffic is not one-wa
We are accustomed, in our society,
use the word 'foreigner' for persons
the white race. In fact recent events ha
shown us that hundreds of thousands,
not millions, of foreigners have settled
India without most of us being aware
the fact because they are not physica
distinguishable from many of us. Th
would hardly have moved if they h
not seen a demand for their services a
they would not have stayed in this cou
try if Indians were able and willing
do the the work which they are doi
for the remuneration which they get.

This is happening in a rather rem
area which few readers of this arti
have personal knowledge of. But
every metropolitan city of India la
numbers of Nepali nationals are prov
ing essential services for which they ha

Mr Malik was formerly India's ambassador to Thailand.

COVER STORY

eveloped skills which we can ill-afford spare. Historical and geographical onditions have created a situation where epalis are not treated as foreigners and re exempt from bureaucratic harrassment; thus statistics do not exist for their umbers and activities but probably in elhi and Calcutta our way of living ould change drastically if there were o Nepalis.

Once again the traffic from Nepal to ndia is not one-way. The largest Indian mbassy in the world is not in Washington or Moscow or Paris or Tokyo but Katmandu—this is because it includes he Indian Aid Mission which is the argest such organisation abroad and ndia is the largest giver of aid to Nepal s is only right and proper. It is not only he Government of India which is helpng the development of Nepal. Indian rivate enterprise has built hotels, indusries, trading establishments and transort services in that country which have ontributed to their prosperity' to repeat ueen Sirikit's felicitous phrase. As nentioned earlier we have no figures but ndians are earning their livings in Nepal vhether as managing directors of modern nterprises or as humble truck-drivers. he relationship is fully bilateral.

At this stage my Filipino reader (how lid he change his nationality in the ourse of four paragraphs?) could well bject, "This man's thinking is ethnoentric; there are people outside the ndian sub-continent."

Indeed there are. In Saudi Arabia nuch of the construction work is being lone by South Korean enterprises of reat sophistication and competence. As outh Korea has reached the stage of abour shortage Korean personnel are nly available (at a competitive price) at nanagerial and professional level. Saudi rabia is a society in the curious posiion of having a very high *per capita in*ome and a very low Physical Quality of ife Index (POLI). The result is a total hortage of workers whether laundrymen r electricians. It is Pakistanis, Filipinos nd Thais who have come forward in housands to fill the gaps to the visible dvantage of both their own countries nd Saudi Arabia. Similar services are erformed in the UAE and Iraq by our wn countrymen.

The South-South conference being eld in Delhi this month is to include a hinese delegation. Thus recognition of sort is being given to the fact that hina, in spite of being a permanent nember of the U. N. Security Council, s also a developing country. The Chinese overnment has recognised this in its own way by encouraging joint ventures in its territory and inviting foreign investment. Very recently a Chinese official has expressed interest in receiving Indian technical assistance in certain specialised fields. There has not yet been a demand for the skills of individuals but we can hope that this will come because there can be no doubt that the enterprise and commercial and technical skills of Chinese emigrants have greatly enriched many countries in Asia, Latin America and Africa. I have seen Chinese rice farmers in the Gambia and Chinese builders with a full complement of Chinese construction workers in Mauritania. Of course, we are familiar with Chinese leather workers and shoemakers in India while Chinese laundries and dry-cleaning establishments are essential services in South America. Throughout the *ASEAN* region the entrepreneurial skills of the Chinese are seen in their most highly developed form in the Third World. In Singapore I have met a Catholic bishop who said that he was the "Bishop of the Chinese in the Diaspora". Once again the United States has benefited by large scale Chinese immigration but there are millions of Chinese whether doctors, shopkeepers, teachers or hawkers in many Asian countries.

The Group of 77 spends a considerable amount of its time and energy asking the rich countries for more aid, more investment, easier and cheaper transfer of technology and a larger share of the rich markets of affluent North Atlantic countries at a time when trade unions and other domestic pressure groups are complaining — often unjustifiably — that imports from 'cheap labour countries are contributing to unemployment'. The fact is that we, the developing countries, can do a lot more to help ourselves. We can, of course do so individually and even the smallest countries, e.g. Singapore, are not debarred from attaining prosperity but much more can be done by mutual support and exploitation of complementary needs and resources for, as John Donne said,

> "No man is an *island*, entire of itself."

The passage of nearly four centuries has only augmented the truth of this remark.

IMTEX82
Kirloskar

WELCOME

Kirloskar Electric Company Ltd.
welcomes you to their Stall 197 Hall 2, at IMTEX '82.
The exhibition is being held at Godrej Industrial Complex,
Pirojsha Nagar. Vikhroli, Bombay, from Feb. 10th to Feb. 21st.
Our products on display are with special reference to machine tool applications.

Converting energy for the millions
KIRLOSKAR ELECTRIC COMPANY LTD
Manufacturing Units Bangalore Hubli Peenya Mysore
H O P B 5555 MALLESWARAM. WEST BANGALORE 560 055
BOMBAY. 302B, POONAM CHAMBERS 3rd FLOOR SHIVSAGAR ESTATE Dr ANNIE BESANT ROAD WORLI 400 018
TELEPHONE 396165, 374886
REGIONAL OFFICES BANGALORE ● CALCUTTA ● MADRAS ● NEW DELHI ● AHMEDABAD ● BHUBANESWAR ● INDORE ● JAIPUR ● KANPUR ● POONA ● SECUNDERABAD

BOOKS & IDEAS

Bottlenecks in rural credit

Development Finance for Small Farmers

By Dr N. Mohanan

Rainbow Publications, 471 *MTP Road, Coimbatore* 641 011; *Pages* 286; *Price Rs* 60

Although this book is basically the Ph.D. dissertation submitted to the University of Poona, the subject mentioned, namely, identification of the major bottlenecks in the economy of small farmers and the functional role of credit of different types for production enhancement has a national importance. An essential understanding notified in the preface as follows is quite significant: "... the flow of integrated credit to small farmers need not be a sound proposition from the angle of small farmers themselves." It is further pointed out that "security orientation of the commercial banks continues to be the major bottleneck in the flow of credit to small farmers". The main conclusion is that "Investment credit coupled with managerial efficiency can aid viability of small farmers". Actually these observations are really the announcement of the problem itself.

The study is devoted to Kerala state. It is well noted that Kerala has the highest proportion of small farmers and incidentally of large villages in the country. A major attribute is the high density of population with the resultant low man-land ratio. Another important finding is that absentee landlordism is almost curbed. A major finding is that the disadvantage inherent in the operation of small farms continues to be a hangover in the transfer of technology. This is quite a simple and factual understanding. Consequently, the finding as stated below is also very significant: "The past performance of integrated Area Development Scheme has proved that inter-departmental co-ordination is not feasible within the framework of fragmented authority and inclination towards politicians to decide upon things". The major finding of the author is that "if integrated rural development is to be meaningful, block panchayats should be reinvested with authority in terms of manpower and material resources so as to entrust them to the task expected of them".

The lack of approximate conformity of thinking and approach between different departments can surely be overlooked and there is little awareness yet as to how best this basic problem can be solved at all. A major finding, not by any means new, is that "appropriate technology suited to the conditions of small farms remains to be evoked and popularised. It appears that no significant suggestions to solve this main problem have been made.

The well detailed analysis of the experience is particularly worthy of study by all the banks concerned as well as the government departments and agencies. One could not hel recording the following significan statement of the author: "On th whole it appears that attitudinal profiles and asset credit positions are not always linked. There were n uniform trends as regards preferenc for integrated credit supply, consumption credit needs, etc." Th author even strongly contends tha "social characteristics are dorman rather than dynamic factors in effecting change in income status of smal farmers".

It is no new finding that so fa as "the problems of small holde subsistence farmers are complex an diverse, defying easy solution" ar concerned, "there is need for close interactions between credit institutions, extension agencies and th farmers concerned". Even this is n new finding at all although th emphasis paid on this finding is important to the extent that it implie the need for the departments concerned to become more competentl as well as sincerely attached to clear understanding of the problem Finance provision is a vital necessit but only if the problem concerned i well understood. Probably the autho was strong enough in his understanding to state boldly that "As fa as the farmers of Kerala are concerned, the major impediment t development has been that of to limited a land base and consequen weaknesses, rather than want suitable rural credit agencies a such." So he emphasises, "Henc optimum combination of man an material should receive greate attention".

Basically then there is a nee for a strong and practical politica assumption of which organisationa arrangements could be made to ensure the availability of the best economic progress. Not much detaile suggestions are made in this regar though one could agree with th statement as follows: "The syste of rural credit pursued so far ha many limitations. The advice of a approximate institutional agencies till clouded in confusion." Perhap he has been completely aware of th lack of correct attitudes on the pa of parties in favour. The correctnes of this feeling of the author is full expressed in the following words "Having identified the organisationa structure, it is important to plug th loophole in its operational style Essentially, cooperatives suffer fro organisational weakness thrown u by inefficient management and als due to the stranglehold of veste interests based on wealth

National and Multinational
COMPANIES
Some Legal Issues
P. S. SANGAL
Faculty of Law, University of Delhi

Multinational corporations have been in the limelight in recent years and because of the vast resources which they command, have often been the subject of controversy in many countries

This new study discusses some legal concepts as well as the government regulation of multinationals by legislation such as the Companies Act, Income-tax Act and FERA. Will be of great interest and utility to companies, attorneys and others advising on problems of law, taxation and economic policies.

Rs. 100

N. M. TRIPATHI PRIVATE LTD.
164 SHAMALDAS GANDHI MARG, BOMBAY-2.

ttern, political patronage, etc. ence, what is required is to liberate operatives from these power groups d to reformulate their functions make them more effective instru- ents of social change".

May be, the principle of coopera- on even for maintenance of indivi- ual liberty is not easy to under- and. If government is the agency bring about confidence in coopera- ion, there is almost the fear that ormal cooperation may really be a over for lack of betterness of spread f progress to small people.

T. V. Jayaraman

Deficit financing-inflation relationship

Deficit Financing and Economic Growth in Underdeveloped Countries

By J. N. Mongia

Associated Publishing House, New Delhi, Pages 75 + xii; Price Rs 25.

Deficit financing as a fiscal instrument for economic development has received great attention in an underdeveloped country like India. Deficit financing being an easy method of mobilising resources into the hands of the government, and being subject to less public uproar than additional taxation, the finance minister of an underdeveloped country is always tempted to resort to this fiscal tool. Indian planners have regarded deficit financing as a necessary evil and it constitutes an important source of resource mobilisation in the country's planning programme. In the Sixth Plan (1980-85), for instance, deficit financing to the tune of Rs 5,000 crores has been envisaged.

Deficit financing is, however, attacked by its critics as a source of inflation in a country like India. Economists like Prof P. R. Brahmananda have pleaded for zero deficit financing in the present economic conditions of the country. Thus, the problem of deficit financing deserves a special attention. Dr Mongia has, in this book, made an attempt to present, in a small compass, a precise and an exhaustive view of the problem. He has tried to analyse the impact of deficit financing in India's economic growth. Chapters 2 and 4 of the book are very significant in this regard. Chapter 2 examines the concept and implications of deficit financing. The author takes a balanced view while analysing the implications of deficit financing by examining the stuff in arguments, such of the "Self-liquidity Thesis" and "Employment Thesis" in favour of deficit financing for the development.

In Chapter 4, the course of deficit financing during the five year plans has been examined and its implications have been traced. The author concludes that deficit financing in India has been definitely responsible for inflation. The book is a revision of its first publication in 1971, where the initial study has been confined to the period 1951-68, which has been now extended up to the year 1979, and to the author's astonishment the same conclusions hold true even now. The events of the decade of seventies very much confirm the earlier findings of the author. A close relationship between the rate of price rise and the rate of expansion in money supply is observed in the case of Indian economy, which can be called as an exception to Prof Friedman's assertion that there can be no one to one relation between substantial rise in the prices and substantial rise in the stock of money. Dr Mongia's con-

BOOKS FROM OXFORD & IBH

PLANNING IN INDIA
MRITYUNJOY BANERJEE
An upto date and comprehensive survey of the different plans
Rs. 75.00

INNOVATIONS IN BANKING
C. RANGARAJAN
Describes and analyse the changes that have occurred in the Indian banking system since nationalisation.
To be released shortly

PERSONNEL MANAGEMENT IN GOVERNMENT
M. A. ALEEM
Deals with several aspects of Personnel Management and its problems.
Rs. 60.00

STRATEGY FOR INDUSTRIAL DEVELOPMENT IN THE 80's
C. RANGARAJAN, ET. AL
Discusses on the planning/execution of viable strategies for industrial advancement.
Rs. 60.00

OXFORD & IBH PUBLISHING CO.

17, PARK STREET
CALCUTTA 700016

66, JANPATH
NEW DELHI 110001

BUSINESS MANAGEMENT

	Rs. P
HOW SALES MANAGERS GET THINGS DONE, by Wachs	98.00
HOW TO CONTROL AND REDUCE INVENTORY by Lipman	98.00
ADVERTISING PRINCIPLES, PROBLEMS & CASES, by C.J. Dirksen, Arthur Kroeger & F. Nicosia	65.00
ADVERTISING THEORY AND PRACTICE, by Sandage & Fryhurger	65.00
THE ART OF PERSUASION FOR SALES MANAGERS, by N. C. Christensen	29.00
DEVELOPING YOUR "PEOPLE POTENTIAL", by King MacRury	29.00
EXECUTIVE SUCCESS, by William Koch, Jr.	38.00
LONG-RANGE PLANNING, by E. K. Warren	26.00
THE MAGIC POWER OF COMMAND SELLING, by N. C. Christensen	29.00
MANAGEMENT ACCOUNTING PRINCIPLES, by Anthony & Reece	49.00
MANAGEMENT CONTROL SYSTEMS: TEXT and CASES, by Anthony & Dearden	15.00
MOTION AND TIMESTUDY, by B. W. Niebel	65.00
PREPARING TOMORROW'S BUSINESS LEADERS TODAY, by Drucker	38.00
SECRETS OF CLOSING SALES, by Charles B. Roth	29.00
SUPERVISORY MANAGEMENT, by George R. Terry	49.00
PSYCHOLOGY IN INDUSTRIAL ORGANISATION, by Siegel & Lane	56.00
PURCHASING AND MATERIALS MANAGEMENT, by England & Leenders	75.00

For the Finest Selection of Books

D. B. TARAPOREVALA SONS & CO. PRIVATE LTD.

Book Publishers

210, Dr. Dadabhai Naoroji Road, Fort, Bombay-400 001.

clusion about a direct and intimate relation between deficit financing and inflation certainly deserves close attention of the finance minister and the planners.

D. M. Mithani

Knowledge and conscience

IN a recent article, Prof Dr Eugen Seibold, president of the Deutsche Forschungsgemeinschaft (DFG) central self-governing organisation of science and humanities in the Federal Republic of Germany, discusses the responsibilities of research workers in science towards society, He says it is a well known fact that freedom and responsibility are opposite sides of the same coin. They indicate the limits within which—primarily and above all—the individual human being can and must reach his decisions. These limits are attracting and deserving particular attention in scientifiic cricles as our present century draws to its close. Science is penetrating to the very core of physical matter and of life itself. It is beginning to comprehend our globe as a whole and is now reaching for the stars. It is dealing with questions increasingly broad in scope and is conscious of the fact that it is on the brink of irreversible developments.

Prof Seibold says: "At the turn of the century there were scarcely more than a hundred thousand research workers in the industrialised countries. Within the various disciplines nearly everyone knew everyone else. By the end of the sixties there must have been some 4.5 million scientists in the world, and since then the figure has undoubtedly risen yet further. Moreover, there is a constantly rising demand for interdisciplinary research. We all know that good interdisiplinary research is based on sound individual research. The scientists involved should know each other well. All this means that the demands made of each publication are becoming increasingly rigorous: it must be obvious that we are finished once people can no longer rely on us.

"In view of the ever-growing number of researchers it is becoming increasingly important that the scientific body should be aware of the interdisciplinary bonds which link them, and that they practise solidarity. The bond between teacher and student occupies a major place in the Hyppocratic oath .....

"Let us return to the questio of the researcher's responsibility fo the results of his work! To seel out gaps in our knowledge, to develo methods for their elimination, t recognise puzzling phenomena, t analyse and to explain—these ar the tasks of basic research. Thes processes can neither be planne nor directed. Not even the researcher himself, having once set him self objective, knows at the begin ning of his work whether and alon which lines he will achieve his aim As things become clearer he ma have to alter his methods, and, unde certain circumstances, he may eve have to alter the questions he i trying to answer; in the end, he ma find something quite different fron what he was originally looking fo The person who is unable to forese the results of his work, who onl comprehends it fully at the momen of its completion—this person cann be held responsible for the result he obtains. Herein lies the decisiv distinction between the scientis engaged in basic research and on who is concerned with providing practical application for discoveri already made. Once it becomes question of utilising a scientific dis covery, then the man who made

THE HINDU
SURVEY OF
INDIAN INDUSTRY 1981

THE HINDU Survey of Indian industry has for the past 27 years been accepted as the most comprehensive review of industrial and economic development in India. Written by THE HINDU'S Special Correspondents, leading industrialists and experts in various fields, the articles in the Survey are illustrated by a number of charts and photographs. You will find in the Survey the same high standards of authenticity and journalistic quality as in THE HINDU.

Price Rs. 6/- (through news agent)

Price inclusive of postage and packing ... Rs. 12/-

(payable in advance by M. O. or Demand Draft on a bank in Madras, favouring "KASTURI & SONS LTD.")

WILL BE ON SALE IN THE LAST WEEK OF THIS MONTH.

Order your copy with your news agent or write to:
The Circulation Manager, THE HINDU,
Madras-600 002.

maa HIN 54

Important Publications of Directorate of Economics And Statistics, Ministry of Agriculture

1. Agricultural Situation in India: This is the only monthly Journal which gives information about the latest state of agriculture in India through tell tale statistics, revealing reviews and informative articles. Its Hindi version entitled "KRISHI SAMEEKSHA" is also brought out every month. (Price per copy Rs.4 Annual subscription Rs.48).

2. Bulletin on Agricultural Prices: This weekly publication contains wholesale and retail prices of agricultural products from week to week. (Annual s bscription Rs. 50).

3. Indian Agriculture in Brief: This annual handy publication provides information about all aspects of agriculture in ready to use condensed form. Hindi version of the same entitled "BHARTIYA KRISHI KI SANKSHIPT RUPREKHA" is also brought out simultaneously. (Price per copy of the lastest edition Rs.28/- each)

4. Bulletin on Food Statistics : It contains all statistics about food that you can possibly need. This bilingual (English-Hindi) annual publication is priced Rs. 117.50 per copy.

5. Area and Production of Principal Crops in India: This annual publication gives statistics regarding area, production and productivity of important crops over different years . (Price Rs. 54.00 per copy).

6. Bulletin on Commercial Crops Statistics : It is a must for all those interested in latest statistics about important commercial crops. It can be of particular value to trade, industry and research scholars. (Price Rs. 67.85 per copy)

7. Indian Agricultural Statistics (Volume II) 1970-71 to 1973-74: This is the only publication which gives agricultural statistics about each district. (Price Rs. 650.50 per copy)

Besides a number of publication on other subjects such as AGRICULTURAL WAGES, LIVESTOCK CENSUS, COTTON, WHEAT, JUTE, RICE, GROUNDNUT and SUGARCANE STATISTICS and STUDIES IN THE ECONOMICS OF FARM MANAGEMENT are also available. All these publications can be had by sending price amount in advance to:

"THE CONTROLLER OF PUBLICATION"
Civil Lines, DELHI-110054.

davp 539(310)/81

no longer the sole father of it: hers participate over whom he s no influence, and take over con- ol of his brainchild. The father, owever, still retains his role in its pbringing, for knowledge and con- ience belong together.

"In the concert of social forces, cience plays only one instrument. ven where the consequences, the tilisation of research, are concerned t doesn't play first fiddle; but this is y no means an excuse for staying ilent. Just the opposite: in the ublic discussion on the application f scientific discoveries on the researcher has not only the right, but also the duty, to place his specific knowledge at the disposal of society".

BOOKS RECEIVED

Coalfields of India, Bulletin Series A, No 45—Vol. I—Coalfields of North Eastern India, edited by C. S. Raja Rao, ,1981 pages 76, price Rs 22.70. **Bulletins of the Geological Survey of India—Series A—Economic Geology, No. 46—The East Coast Bauxite Deposits of India,** Compiled by M. G. Rao, P. K. Raman, Pages 24, plates 3, maps 14; 1979; Price not mentioned. **Bulletions of the Geological Survey of India—Series A—Economic Geology, No. 43, Nickel Mineralisation in the Sukinda Ultramafic Field, Cuttack District, Orissa** by M. Ziauddin, P. Kar, N. R. Datta, D. B. Ghosh, Sankarsan Roy, K. C. Mishra, D. C. Chakravarty, K. K. Murthy and B. B. Mallick, 1979; Pages 518; Price Rs 29.40. **Bulletins of the Geological Survey of India, Series A—Economic Geology, No. 44—Geology and Mineral Resources of Andhra Pradesh by T. K. Kurien,** 1980; Pages 244; Price Rs 16.40. **Bulletins of the Geological Survey of India—Series B—Engineering Geology and Groundwater, No. 38—Geology and Groundwater Resources of parts of Agra, Mathura, Mainpuri and Etah Districts, U.P.** by B. K. Baweja, B. D. Pathak, D. K. Dutt, K. R. Karanth, V.A.B. Sastry, G. V. Sundara Rajan, N. C. Dubey, B.P.C. Sinha, V. M. Gandotra and D. Chatterjee; 1980; Pages 92; Price 9.25. All published by Director, Geological Survey of India, 29, Jawaharlal Nehru Road, Calcutta-700 016.

india
a reference annual 1981

'INDIA— 1981' contains information on diverse aspects of our national life and activities collected from official and authentic sources.

It is an established work of reference and is a rich source material for research scholars, students, officials, journalists, academicians, professionals and others. The publication attempts to describe the machinery of government and other institutions which play a vital role in nation building activities and help transform the Indian traditional social life into a modern life.

Pages 635 with photographs and 3 Maps

Library edition Rs. 50.00
Paperback Rs. 45.00

HINDI EDITION - **Bharat 1981**

Pages 712 with photographs and 3 Maps Rs. 25.00

(POST FREE SUPPLY)
Rush your order to :

The Business Manager
Sales Emporium
PUBLICATIONS DIVISION

NEW DELHI-110001
(a) Patiala House
(b) Super Bazar, 2nd Floor, Connaught Circus. (Ph. 43308)

BOMBAY-400038
Commerce House, 2nd Floor, Currimbhoy Road, Ballard Pier (Ph. 262800)

CALCUTTA-700069
8. Esplanade East. (Ph. 238030)

MADRAS-600002
LLA Auditorium, 736 Anna Salai (Ph. 85167)

PATNA-800004
Bihar State Co-operative Bank Building, Ashoka Rajpath. (Ph 53823)

TRIVANDRUM-695001
Press Road. Near Govt. Press. (Ph 4650)

LUCKNOW-226601
10-B. Station Road, Opposite Kohinoor Hotel

davp 81/303

Indian muslin and the ring trick

The white man only seemed to twirl his moustache as he watched each 'saree' length of summery cotton pass through an ornate gold ring.

Then all of a sudden, he said 'My word! But that ring's just big enough to go round my finger'.

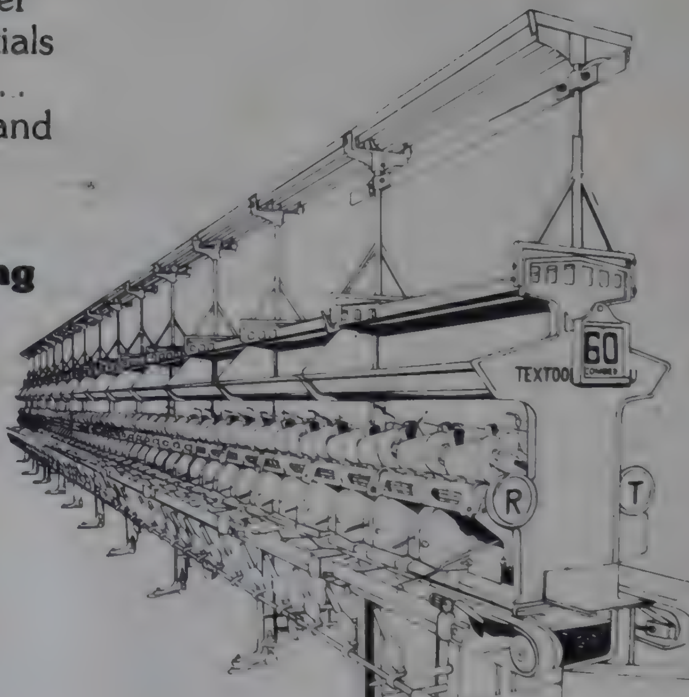
He met with a betel-stained grin.

'I'll take all the cloth you have' he said 'and, mind you, I'll be back for more.'

Thus began the export of Indian muslin to foreign shores . . . the traditional rage of British womenfolk for so many years.

From Textool comes another enduring tradition of India's textile world . . . . . . quality machinery to turn the wheels of the flourishing textile industry. Fly frames, ring frames, ring doubling frames, cone winders and doubler winders. Machines to see a diversity of textiles through the crucial stages of spinning and winding. Rugged, modern machines from Textool that are running effortlessly in textile mills all over the country and in several parts of the world. The credentials of this premier Indian textile engineering organisation . . . . over thirty years of an intense involvement with the warp and weft of the Indian textile world.

Cast into every piece of machinery that Textool manufactures today are the engineering precision and technological excellence that have been built up of a solid experience.



textool

Textool Company Limited Ganapathy Coimbatore - 641 006
Grams: TEXTOLCO Telex: 855-353 TXT IN Telephone: 26231 (5 lines)

maa (s) TXT 2 g 81

LEATHER & LEATHER GOODS
—A FEATURE

eather industry in etrospect

y M. MOHAMMED HASHIM

THE year 1980-81 has been, on the whole, partially a very difficult period r the leather industry on account of obal fall in demand never witnessed efore. The last 24 months have been very sickening period for the tanners nd exporters of leather and leather oods since the world impasse affected e entire leather industry of the world, nd as such the condition of the Indian ather industry cannot remain in isolaon and was naturally affected by the ondition prevalent elsewhere. It is heartning to note that the long spell of crisis ervading the entire leather industry came an end with the advent of favourable onditions witnessed in the last Paris air. While one did not expect the rise prices of leather and leather goods. was a matter of satisfaction at least to e the market revival by numerous enuiries received at the Paris Fair. But ne great lesson we learnt from this unsual impasse was that too much game vith credit created conditions detrimenal to the very structure and health of he industry. Working within the paraneter of viability is always good and iniscriminate expansion of capacity makes ose the grip.

The recent revival seen in the last aris Fair has injected a sense of optinism and tanneries which were closed lown or reduced soaking by more than 0 per cent are reviving gradually. If the nternational situation favours, I am conident, the leather industry will make raid strides

xport review

During the year under review, leather xports of the country have gone down rom Rs 4,253.99 million in 1979-80 to Rs 3,304.21 million. The fall was mainly lue to international recession prevalent or more than 18 months. Italy, which has a major share in our exports, was severely affected by recession and high bank rates coupled with political instability. It imported only Rs 502.77 million worth of leather and leather products against Rs 9,607 million during the last year. EEC, which accounted for Rs 2,282.63 million during the last year, was able to import only Rs 1,430.03 million worth of the above items. Apart from Italy, the UK with Rs 286.01 million and West Germany with Rs 372.13 million shared the above exports to EEC. Although Japan used to import EI tanned hides and skins, of late it has switched over to finished leather and leather products and imported Rs 42.11 million worth of above items during the same period. Among the East European countries, East Germany with Rs 116.88 million and USSR with Rs 578.59 millions shared the major portion. The US continued to import finished leather and leather products accounting for Rs 279.51 million of the above items during the year under review.

Though the overall exports of leather and leather products showed a decline of 22 per cent over the last year, export of leather products has increased from Rs 694.85 million during last year to Rs 858.96 million during the year under review, thereby showing an increase of 24 per cent.

Export of leather and leather products during April-November, 1981 has gone up to Rs 2,506.68 million from Rs 2,057.77 million during the same period of last year, resulting in an increase of 22 per cent. Footwear components followed by leather goods and industrial leather manufactures showed considerable increase. Except Italy, whose share has gone down by 20 per cent from Rs 369.79 million to Rs 297.62 million during the above period, all other traditional importers like West Germany (plus 20 per cent), the UK (plus 13 per cent), GDR (plus 60 per cent) and the US (plus 76 per cent) showed considerable increase in the offtake. The USSR also increased its offtake remarkably from Rs 347.97 million to Rs 579.05 million during the above period, resulting in an increase of 66 per cent. The Government has fixed a target of Rs 430 crores for 1981-82 and, in the present encouraging trend especially in leather products, it is hoped to achieve this target.

Our export performance has to be viewed against the backdrop of Indian economy becoming heavily dependent on oil import, prices of which tend to soar constantly. It is possible to maintain the last year's level of export provided certain constraints and initial mistakes that were committed in our basic policy are removed. The predominance of leather industry being under the small-scale sector requires patronage of the Government whenever necessary. In the absence of a number of service units required to be established as recommended by Dr Seetharamaiah Committee and a large segment of small-scale units still producing EI tanned hides and skins, it should be said without any doubt whatsoever that Indian leather industry is still in the state of conversion from traditional production to non-traditional production and as such the Government of India is advised not to bring hasty measures for quick conversion to finished leather and leather goods production. In this connection I am happy to say that our council has decided to establish service centres at Ranipet, Ambur, Pernampet, and Dindigul.

Export of snake skins

Export of non-poisonous snake skins had been banned not only to satisfy the provisions of Wild Life Act but also to maintain ecological balance. The other reason enunciated for banning export of snake skin was to increase the agricultural production by way of arresting agricultural damage caused by rodents which are eaten by snakes. It is not known how far the ecological balance is thus maintained. But it is known that large scale smuggling is taking place across various borders, with the result that considerable amount of foreign exchange is lost to the nation. According to recent estimate, the present legally produced stock is to the extent of 70 lakh pieces of non-poisonous snake skins. After all these are the dead ones which cannot be brought back to life. I appeal to the Government to permit this export or at least of leather goods made from them.

A conference convened by Bharath Leather Corporation in Delhi in October last year discussed a number of important matters pertaining to the development programme of the leather industry. In the said conference, one of the points

---

Mr M. Mohammed Hashim is chairman, Leather Export Promotion Council.

Indian
Leatherwhere!
Lexport

If you don't know which way the trade winds are blowing for leatherware, ask Lexport. They are always well informed on who wants what and where.

Lexport regularly advertises in foreign trade bulletins, participates in foreign fairs, sends out sales-cum-study teams, assists and subsidises the brand name publicity for its members, acts as an arbitrator in case of trade disputes between importers and its members, and finally, it carries on liaison work between importers and exporters on the one hand and exporters and the Government on the other.

Become a Lexport member. No matter what you produce in leather, it'll do you good to learn about fair weather markets and avoid the turbulent seas of international trading.

Export Promotion Council
for Finished Leather & Leather Manufactures
15/46 Civil Lines, P.O. Box 198, Kanpur-U.P. 208001 (India)
Telex-325-286-KEPC IN
(Research & Development
Cell TF-47647).

aised by the Industry Minister in his peech was the Government's endeavour o see that the states with large cattle population were not left behind in the development of leather industry and he suggested that the instrument of licensing would be utilised to correct the regional imbalances to the extent possible. He further suggested that the Government had decided to license additional capacity for the production of finished leather on a selective basis and that the additional capacity would be licensed mostly in favour of those states where at present no finishing capacity existed or where existing capacity was relatively inadequate compared with the availability of leather. While these suggestions aparently seem to be very sensible and reasonable, a careful study of them will reveal that they are not only detrimental to the existing leather industry but also give room to surface other hidden problems. It is well-known that leather industry is one of the earliest industries and approximately 150 years old. The world famous EI leather known for its unique quality and tanning developed in its own way without any outside assistance whatsoever, purely as a result of endeavour of enterprising tanners and exporters of this region. The North Arcot District with Ambur, Vaniyambadi, Peranambut, Ranipet and Vellore and down south like Dindigul, Coimbatore and Erode developed concentration of tanneries due to inherent local conditions and favourable climate. While Tamil Nadu accounts only 14 per cent raw material, rest comes from outside. In other words the entire leather industry of Tamil Nadu is solely dependent on other states for its raw material needs. But the decision of the Government to create capacities in places where animal population exists will choke the raw material supply line to Tamil Nadu and starve her tanneries. Massive investment has been made and large scale conversion to produce finished leather and leather goods has taken place. Export of EI leather from Madras, which accounted for 90 per cent of all-India exports a decade ago, has been replaced by export of finished leather and leather goods. Nearly 60 to 70 per cent conversion has already taken place including idle capacities built up on account of indiscriminate issue of letters of indent. The decision to create further capacities would be only a waste of funds.

The most important fact that escapes the attention of the policy makers is that raw hides and skins are a bye-product of meat industry and supply is purely limited. In the name of correcting the imbalance, I am afraid, we are actually going to create an imbalance. I request the Government to strengthen the base of existing industries and utilise idle capacities already available instead of creating additional capacities.

'Xerofinis'

THE Central Leather Research Institute has developed a new technique for the finishing of leather. The process consists of heat transfer of the finish by means of 'stickers'. The finish is quite instant without recourse to the use of padding, spraying, plating, glazing, etc. It stops totally the pollution problem in the finishing yard. Hides and skins in ready to finish stage as a whole or cut components can be instantly finished to the required colour and design. This technique reduces the capital investment and use of highly sophisticated machinery and technology. It does not need highly trained technicians to carry out the job as it is with the present system of finishing of leather. It can be applied by household worker. This method decentralises the production of finished leathergoods and footwear. The cottage tanners can also make finished leather without costly equipment, storing of various chemicals, and without the assistance of trained finishers. It is a boon even to a cobbler under the tree. It is possible to make stickers for finishing (i) pigmented finished leather, (ii) aniline and semi-aniline leather, (iii) metal finished leathers and (iv) leathers with multicoloured designs by changing the composition of ingredient, while making stickers. This method of making stickers can be used for textile and for other decorative purposes for paper, invitation cards, cartons etc.

The process consists of application of an adhesive to the full piece or cut components of leather. After drying the same, the sticker is placed on to the leather and it is pressed by a hot iron. The covering back film is removed. The leather has the "Xerofinis" (dry finish) on it. It takes hardly a few seconds to finish the leather. It is comparable in cost to conventional finish and it also minimises the use of finish per square meter and eliminates wastage and pollution.

Leather Industry giving you beautiful, modern durable Leather Articles manufactured by skillful Village Artisans —

- Shoes, Chappals
- Leather Bags, Suitcases
- Wallets, Key Cases
- Leather Jackets, Coats, Gloves
- Foot Balls, Cricket and Volley Balls etc.
- Shantiniketan, Embroidered articles in different Colours, Designs and Sizes.

And also

- Quality Bone Meal
- Meat Meal

Contact:

DIRECTORATE OF LEATHER

Khadi & V. I. Commission, 'Gramodaya' Irla Road.
Vile Parle. (West), Bombay-400 056.
Gram: KHADIGRAM Phone: 5 7 1 3 2 3 Telex: KVICOM: 0114923

Ours is a Magnificent Land-1

I sleep in the sewers
of my homeless cities.
But I have builded
a marbled Taj Mahal.

I hunger when famine
stalks the land.
But I have saved it
from plague and pox.

I taught my child
the arts of Science.
But I have seen him
forsake my shores.

I befoul my cities
because I will not plan.
But I have looked up
and discovered Quasars.

I see food hoarded
while my poor go hungry.
But I have made the
green revolution happen.

I never taught my children
to read nor write nor count.
But I have fathered
Nobel laureates.

I see my brother outraged
by my prejudice
But I have elevated him
to the highest office.

I flee from the farms
to the despair of my cities.
But I have held to the hope
of a hundred million jobs.

I was born to subsist
on a half-Rupee daily.
But I have died so my ashes
can enrich my loved India.

I am sad.
But I am glad.
I am.

Ours is a magnificent land.
We must build a
magnificent future. Think Ahead.

Hoechst
HOECHST DYES & CHEMICALS LTD.

Dyes
Plastics
Intermediates
Refrigerants
Chemicals

SOME ASPECTS OF RESEARCH AT CLRI

By **N. RAMANATHAN** and **V. S. PADMANABHAN**

THE leather and allied industries in the eighties have come a long way from what they were at the time of the inception of the Central Leather Research Institute. When CLRI came into existence, the leather industry was exporting largely semifinished leathers like E.I. leathers with small quantities of finished leathers and still smaller quantities of leather products. The variety of semi-finished leathers exported was extended by the inclusion of wet blue chrome leathers. Currently, the semi-finished leather component of our exports is coming down and the finished leather and leather product components are steadily increasing. This has been brought about by the government policies and the development of the leather and allied industries in India and abroad. With further growth of the industries producing leatherware, there is bound to be a greater demand internally for finished leathers making less and less of this type of leather available for export. This is truly a remarkable development considering what we were in the fifties.

Technology improvement

At the time of the inception of the CLRI, the accent of leather research was on adapting available technology for making finished leathers under local conditions and with the raw materials. While the industry was concentrating mainly on the conventional type of leathers like uppers, CLRI devoted attention to working out technology for other types of leathers, specially the better priced types of leathers prepared from the E.I. lathers exported by India. The evolution of the leather industry required technology for making wet blue chrome so as to cater to the East European market. Soon India was in a position to export sophisticated type of leathers like garment leathers. The main planks of CLRI's activities were export promotion and import substitution. The export promotion aspect related mainly to leathers. The import substitution aspect related to the leather chemicals and machines. CLRI has worked out the technology for making a variety of materials that go into the conversion of raw hides and skins into leather. These range from preservatives to finish compositions.

CLRI has also been working on improving the technology of the products formulated earlier so as to offer better and newer types of auxiliaries, for example binders. While the leather making technology could be effectively transferred to the industry through practical demonstrations, in-plant demonstrations, consultancy and similar measures, the technology relating to leather chemicals was handicapped to some extent by the fact that it was not always possible to scale up the results and technology obtained on laboratory scale to the scale at which the manufacturing industry operates.

In spite of this, CLRI has got several feathers in its cap by way of transfer of technology relating to synthetic tanning agents, fatliquors, lacquers, binders and so on. It is a matter of gratification that interest has been evinced by parties abroad also in our leather auxiliaries technology and there are instances of our technology being bought by foreign buyers. A point worth mentioning is the technology relating to synthetic fatliquors which has attracted the attention of a Government of India undertaking; there is currently a collaborative research project on synthetic fatliquors which would culminate in the setting up of a manufacturing plant for the synthetic fatliquors by this Government of India undertaking.

Impact of R & D

It is really difficult to measure in exact terms the impact and benefit of the R & D work of CLRI. The progress of the leather industry during the past three decades is itself a barometer of the absorption of the results obtained at CLRI by the industry. There are instances of raw stock merchants becoming makers of fashion leathers and even of footwear components. Similarly, there are instances of existing units diversifying their production lines so as to go in for newer types of leathers wanted by the foreign

Main building of Central Leather Research Institute

A leather bag made with Novotone Process

buyers. The degree of processing in our export materials is continuously increasing. Newer units also have come up—a firm at Aurangabad had found ways of utilising the hides and skins as well as the carcass meat from the animals butchered.

In the field of leather chemicals, there is an indirect impact. There are quite a good number of units in the small scale or perhaps even in the cottage level, who have taken up manufacture of leather chemicals like fatliquors. Several of the large tanneries have brought up captive units to cater to the leather chemicals needs of their own tanneries.

In the field of leather machines also several designs have been prepared for the conventional types of machines and some of these have been taken up to the stage of manufacturing and marketing.

The Indian leather industry is, as is often stressed, in the second phase of development. It is now concentrating more on leather goods rather than leathers. This is reflected in the programmes of CLRI also. CLRI has now identified what are termed as thrust areas of activity. This is in fact an orchestration of the existing activities in such a manner as to lead to the objective mentioned above *viz* increasing exports of leather products.

The focal point of our activities will be leather products. The main leather products would be footwear and leather goods which in turn comprise luggage, handbags and small articles. In both these fields CLRI will concentrate on the design aspect too. In the case of footwear, the design will be oriented specially to the comfort factor and also the fashion aspect. In the case of leather goods, the accent will be on the functionality and fashion aspect. The research in this field will be concerned with the fabrication, the methods of fabrication, the materials used in the fabrication, their testing and so on. Earlier leather research at CLRI was research on leather *per se*.

Hereafter, leather research at CLRI will be oriented to leather as a material for fabricating leather goods or footwear. This implies evaluation of the various types of leathers produced for their suitability and amenability to making different types of leather goods and footwear. Talking of functionality, standards have yet to be developed for evaluating the utility of leather goods. This is an area in which CLRI will devote special attention. Similarly, in the case of footwear CLRI will devote attention to designing of footwear for abnormal feet and for feet of people suffering from diseases like leprosy.

Leather goods and garments made at CLRI's leather goods division

Multi-coloured 'Xerofinis' leather

Waste materials

The burning problem in the industry is the disposal of waste materials and treatment of effluents. Huge quantities of leather wastes as well as slaughter-house wastes are accumulating. These have to be either disposed of or effectively utilised. CLRI has already initiated and carried out work on the utilisation of slaughter-house waste products. Special accent will be given on further continuing the work to lead to better utilisation of these in profiatable avenues like cosmetic formulations and pet food formulations. The leather wastes have to be either degraded to become suitable for use as stock feed or fertilisers or have to be converted into sheet materials of commercial value. This will be yet another thrust area of CLRI. Through the Task Force constituted for the purpose, CLRI has already jointly worked out with NEERI designs for treatment of effluents emanating from tanneries of different size making different types of leathers. Already one large unit has been set up at Ranipet. This work will be continued to facilitate the putting up of large enough plants for treatment of combined effluents of several adjoining nearby tanneries. Further attention is also to be given to formulating methods which occupy less area and could possibly be operated vertically and at low cost. The possibility of evolving processes which will reduce pollution load is also being explored. The cost of effluent treatment may also thus be brought down.

As regards leather machines, CLRI will not be concerned itself with preparing designs for the conventional type of nachines which are already known and vhich are being manufactured in India. r abroad. The possibilities of innovatng newer types of machines which consume less energy and which employ eleronic devices and the like will be explored.

No routine training

Efforts are being made to see whether some of the repetitive and routine testing and training activities could be taken up by other institutions. If this is brought about, CLRI's training will be mainly for the trainers. Similarly, its testing activities may be concentrated on developing newer methods of testing and standards. The extension type of demonstrations will be carried out in such a manner that the repetitive demonstrations will be carried out by appropriate bodies. CLRI will carry out just one-time demonstration of the new technologies that it develops. The spread of CLRI technology will be effected by other agencies. Needless to say that CLRI will continue its consultancy and other similar activities, where the scale of operations will be intensive rather than extensive. CLRI will also concentrate, during the years to come, on developing high technology of a sophisticated nature so as to place the Indian leather and allied industries on par with the developed and fast developing counterparts in other parts of the world.

By-products laboratory

A view of the tannery at Central Leather Research Institute

Here is the nucleus of a new 'Machine Age' for the Indian Leather Industry.

India has one of the world's largest cattle population. But sadly, the cottage-based leather and leather goods industry is economically the weakest, because productivity is low.

There's a one word answer to this situation—Mechanise !

This is what the Prototype Development & Training Centre set out to do in 1974. In five years, the PTC has indigenously developed and made available 5 machines which compare with the best in the world ! And several more are on the drawing boards.

Having developed these machines, as prototypes, the designs and know-how for their manufacture is being handed over to small scale units.

The nucleus is growing and soon the machine age will have arrived for the Indian Leather Industry.

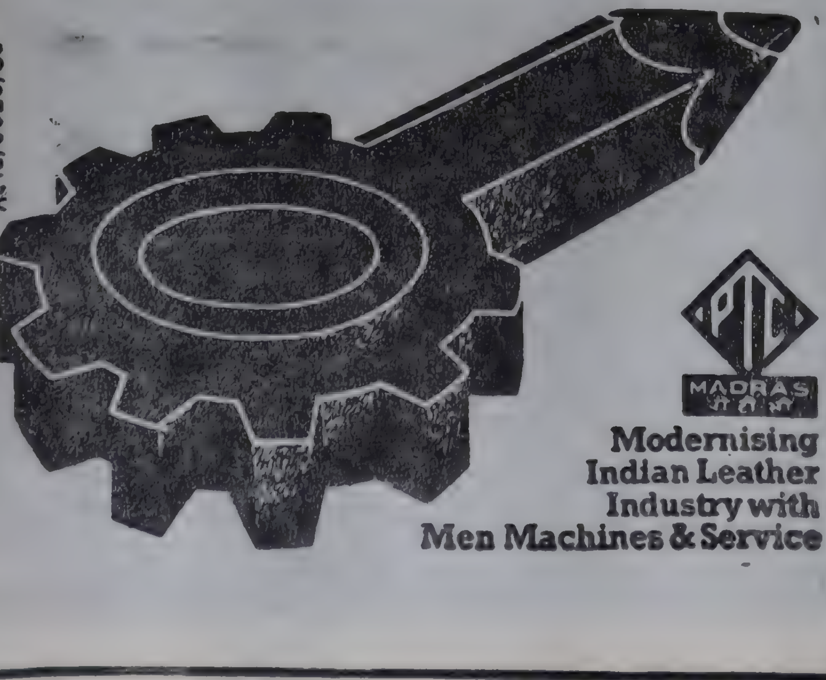
MACHINES DEVELOPED BY PTC :

- 600 Tonne Hydraulic Ironing and Embossing Press
- Hand Clicker
- Upper Skiving Machine
- Hydraulic Clicker
- 300 mm. Band Knife Splitting Machine

RECENT DEVELOPMENTS

1. Rotary Spray
2. Vacuum dryer
3. Shearing Machine
4. Eyeletting Machine
5. Die Sharpener

Prototype Development & Training Centre
(Indo-Danish Collaboration)
The National Small Industries Corporation Ltd.
(Government of India Undertaking)
Madras 600 097.
Phone : 432335/6/7
Telex : 041-7652



ACIL/0023/80

PTC MADRAS

Modernising Indian Leather Industry with Men Machines & Service

With best Compliments of

M/S. M. A. KHIZAR HUSSAIN & SONS

26, V. V. Koil Street, Periamet
MADRAS 600 003.

TAN INDIA

TAN-INDIA WATTLE EXTRACTS CO. LTD., MADRAS.

THE VIBRANT FORCE BEHIND THE LEATHER INDUSTRY IN INDIA

Wattle Extract : Superb Quality, High Tannin content, Good colour, Ideal pH, Rapid Penetration.

Myrobalam Extract : Serves as Tanning Agents for economical, quick processing.

ALL OUR EXTRACTS ARE AVAILABLE IN BOTH SOLID AND SPRAY DRIED POWDER FORMS.

Selling agents & consignment Stockists of Tamilnadu Chromates & Chemicals Ltd., Madras, for Tamilnadu, Bihar, U. P. and West Bengal, covering their Products Basic Chromium sulphate Tanning Powder, Tamilkrome & Sodium Bichromate.

TAN INDIA WATTLE EXTRACTS CO. LTD.

316, MOUNT ROAD MADRAS-600 018.
Phone : 440789, 441624 Telex : 041-7642 Grams : 'TANINDIA'

FACTORY : OOTY MAIN ROAD, METTUPALAYAM
(COIMBATORE DISTRICT)
PHONE : 244,255 Telex : 0855—296 GRAMS : 'TANINDIA'

ACCENT ON LEATHER GOODS

MADRAS

THE 19th International Leather Fair held at the campus of the Central Leather Research Institute (CLRI) here between January 31 and February 7 attracted a larger than usual number of manufacturers of leather, leather goods, footwear and leather machines. The fair, an annual event which brings together on a single platform tanners, technologists, scientists, manufacturers, trade and government officials, provided not only the much needed rapport between the leathermen and the laymen but also an opportunity for discussion which would help evolve new policies for the benefit of the leather industry.

In retrospect, the Indian leather industry had made rapid strides in the seventies as a result of which its export earnings had increased from about Rs 100 crores to Rs 400 crores between 1970 and 1980. Significantly, the share of finished leather and leather products had gone up from 10 per cent to 80 per cent of total exports.

It has been projected that India's leather exports can reach Rs 1,000 crores by the middle of 1980s. Leathermen claim that India with a well established industry, thanks to her manpower resources and technological advance, could produce quality leather goods (including footwear) of international standard enabling penetration into the overseas market. Such a progress would naturally bring in its train problems relating to raw material resources and distribution and marketing management, not to speak of pollution.

A few questions arise: Are the raw materials, auxiliaries and machines adequate qualitatively and quantitatively? If not, what are the alternative sources of raw materials and tanning materials? It is in this context that the organisers of the seminar, popularly called "Tanners Get Together" chose for discussion the theme "Second Phase of Development of Indian Leather and Allied Industries". As a matter of fact, the Central Leather Research Institute had already reoriented its research programme suitably to focus attention on leather goods and footwear. Its other activities too will be geared to these two fields whereby the CLRI will provide the knowledge and design for leather goods and footwear industries. Hopefully, the deliberations would make possible development of India's leather industry from the stage of making and exporting finished leather to the stage of making complete products made of leather.

The Leather Fair which has been the main popular attraction of the 'Leather Week' had grown from small beginnings and is claimed to be the most important among leather fairs in the country. The occasion was utilised by manufacturers of leather, leather goods and footwear to display their wares to build up business contacts with foreign buyers, especially those from Europe and US Machinery and chemicals and auxiliaries needed by the leather industry were also at show at the fair.

Another attraction of the 'Leather Week' was the fashion parade arranged to show what India could offer to the West in the field of leather garments, shoes and leather goods made in India with designs suited to sophisticated markets. Practical demonstrations of the use of new products in leather manufacture were also organised.

The Madras Leather Fair was held this year at a time when hopes have been revived of a prosperous period for leather exports from India. An important announcement made by CLRI's acting director, Dr N. Ramanathan, at a news conference was that the institute's scientists had achieved a breakthrough in the curing of hides and skins under tropical conditions without any risk of pollution. The method is simple and consists of an application of a mixture of salt and organic and inorganic biocides in such quantities that, when discharged into the final volume of the tannery effluent, they do not require any treatment or segregation to satisfy Indian standards.

In fact, if green fleshing is done prior to curing salt can be completely avoided for preserving of hides.

Mr K. A. Krishnaswami, Tamilnadu Minister for Rural Industries, who inaugurated the Leather Fair and Week, was critical of the reported move of the Central Government to restrict the issue of new licences for leather finishing to places where more raw materials were available and sufficient finishing capacity existed. He feared that such a step would hamper the growth of footwear and leather goods industry in Tamil Nadu. He stressed that the Centre should take into account the available skill and infrastructural facilities, instead of basing the licensing policy on availability of raw material alone. Since the Tamil Nadu tanneries depended on other states for 85 per cent of its raw material needs, the proposed policy would hit the tanneries in Tamil Nadu.

The Leather Salon organised by the Madras Leather Club and Madras Leather Chamber was inaugurated on January 28 by Tamil Nadu Governor, Mr Sadiq Ali. On that occasion, Mr C. Venkataraman, additional secretary, Union Commerce Ministry, deplored the lack of standardised and mechanised production base for Indian shoe manufacture with the result they failed to conform to West European standards of quality and design. Mr P. Krishnan, marshall of the Leather Club, welcomed the gathering and Mr Shakeel Ahmed, President of the Chamber proprosed a vote of thanks.

Seminar on export procedures and documentation

BOMBAY

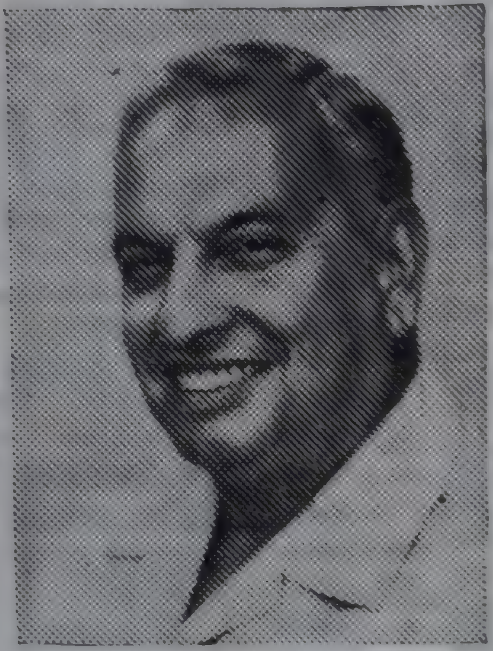
THE Bombay Office of the Export Promotion Council for Finished Leather and Leather Manufactures organised a seminar on export procedures and documentations last month. Inaugurating it, Mr B. Majumdar, director (leather), Khadi & Village Industries Commission, explained the working of KVIC in relation to the leather exports. He specially emphasised the need for such seminars to mitigate the difficulties of exporters.

The seminar covered the following subjects :— export licensing, foreign exchange regulations and export finance, quality control and pre-shipment inspection, customs and excise formalities, drawback of customs duties and central excise, import replenishment and cash assistance, science of packing and loss prevention, LIDCOM's activities, role of Shipping Corporation, export credit and guarantee facilities, role of Indian Standards Insitution, role of Trade Fair Authority, role of Khadi & Village Industries Commission in export promotion, and role of Indian Institute of Foreign Trade in export promotion, etc.

Each talk was followed by a question and answer session wherein the members actually participated. In short, this seminar afforded the participants ample opportunity to directly refer their problems to the authorities on the subject.

IOL Indian Oxygen Limited

Chairman's Statement



RUSSI MODY

The following is the Statement made by Mr Russi Mody, Chairman, Indian Oxygen Limited, at the Forty-seventh Annual General Meeting of the Company held on 9 February 1982.

The Annual Report for the year 1980/81 has been with you for some time. I don't have much to add. In my statement last year I had said that we could look forward to more prosperous years ahead. The 1980/81 results have, I hope, set the trend for future achievements by the Company. All of you must be happy with the performance for the year, the total dividend recommended and the proposal for the issue of bonus shares to be considered at the Annual General Meeting.

Mr M A Sreenivasan is known to many of you. He is the only one still with us from amongst the distinguished gentlemen who comprised the first Board of the Company on its conversion into a public limited company in 1958. In his capacity as a Director and later from 1975 as the Vice-Chairman of the Board in all the 25 years of his association with the Company he has made very useful contribution both inside and outside the Board Room. Mr Sreenivasan has decided not to seek reappointment on his retirement by rotation at the Annual General Meeting. Mr R C Hesketh-Jones joined the Board of the Company in 1968 and until his resignation from the Board on 10th February 1981 following his retirement from executive offices in The BOC Group has been a great source of help and guidance for the Company. We shall all miss these two veterans. I wish to record our deep appreciation of the very valuable services both of them have rendered to the Company.

Mr Ray Bowdery joined the Board on 23rd March 1981 and this is the first Annual General Meeting of the Company he is attending. He brings with him great experience in the field of industrial gas business throughout the globe and I extend a warm welcome to him.

The performance of the Company in 1980/81 can easily lead to complacency. I, however, do not see any scope for that. The rate of additional investment in productive assets and consequently the rate of growth of the Company has to be accelerated for achieving sustaining satisfactory results. Your Board is fully conscious of the challenge before it and a number of proposals have been developed for increase in the Company's activities. Some of these proposals are under active consideration of the Government. In the meantime a substantial breakthrough in the field of Cryogenic Plant has been achieved by securing orders for two 250-tonne Oxygen Plants for the TISCO modernisation. Work on this project is progressing well. A project for building a new R & D Centre near Calcutta at a distance of about 15 kms from Oxygen House has been taken up in hand. The first phase of the project is due to be completed before the end of this year when we shall not only be able to improve on our already worthwhile performance in R & D, we shall also be able to undertake R & D work of relevance to other companies in The BOC Group particularly for the companies in the third world countries.

In our country today no industrial unit or business can function divorced from the economic realities of the times and therefore it is necessary to say a few words about this. Last year has seen some further encouragement of the industrial sector. The laws of economics so long neglected are once again putting pressure on the policies governing industry and development. Let us hope that the more realistic trends noticeable in the attitude of the Government towards industry will be accelerated in the years ahead and that industry will be allowed to get along with its primary function of producing goods for the country in ever increasing measure. Enlightened entrepreneurs have a great deal to contribute towards the nation's prosperity and Government should encourage rather than inhibit them.

Our growth, both in the public and private sector, more so in the latter, is still being inhibited by a plethora of controls and an out of date bureaucracy whose thirst for administering these controls is insatiable. It would be difficult to single out any one control as being more inhibiting than others, but I think I would not be far wrong if I were to single out the MRTP Act as one possibly more responsible than others. So far the only restriction this Act has been able to impose is on the economic progress of the country and the sooner this is realised the better. Speedy action under the law should take care of irresponsible entrepreneurs and not controls, permits and licences.

Although I have always been an advocate of a fair deal for labour and have strongly supported labour's right to strike, after all other avenues have been exhausted, I cannot but lend strong support to the legislative action taken by the Government to control disruption in industrial activity, especially in the core sector. Whilst businessmen, industrialists and managers must not take unfair advantage of this, labour leaders must also realise that by unrealistic demands and frequent interruption of work, they should not be allowed to sacrifice the interests of the country.

However, a lot remains to be done. We can never really achieve the economic heights we desire unless we first stop fooling ourselves. Day after day the newspapers carry stories how targets have been reached and records have been broken in the fields of industrial activity. What is not made clear however is the manner in which these targets are set and by whom. Surely in a poor country like ours, which can ill afford the thousands of crores which are being spent on industrial development, the only target to be achieved should be the installed capacity of the unit. Anything less than that is not an adequate return on the investment made. It grieves me to see the thousands of crores being planned as further inputs into industries without the existing capacities being utilised to the maximum.

In my statement last year I had mentioned about the Company's intention to undertake certain community welfare activities. As a first step in this direction two mobile clinics have been put in service in Calcutta. These vans are equipped for clinical examination and diagnosis by qualified doctors, supply of general medicines and simple surgery to start with. I hope this effort will be a forerunner of greater efforts by all of us to mitigate the suffering of the poorer sections of our society.

Everything that a company achieves is due to its men. In this we have indeed been fortunate. Our workers, supervisors and officers have displayed a high sense of responsibility and zeal in the performance of their duties and these have led to the excellent results obtained. I am quite sure the shareholders would join the Board in thanking and congratulating them on their efforts.

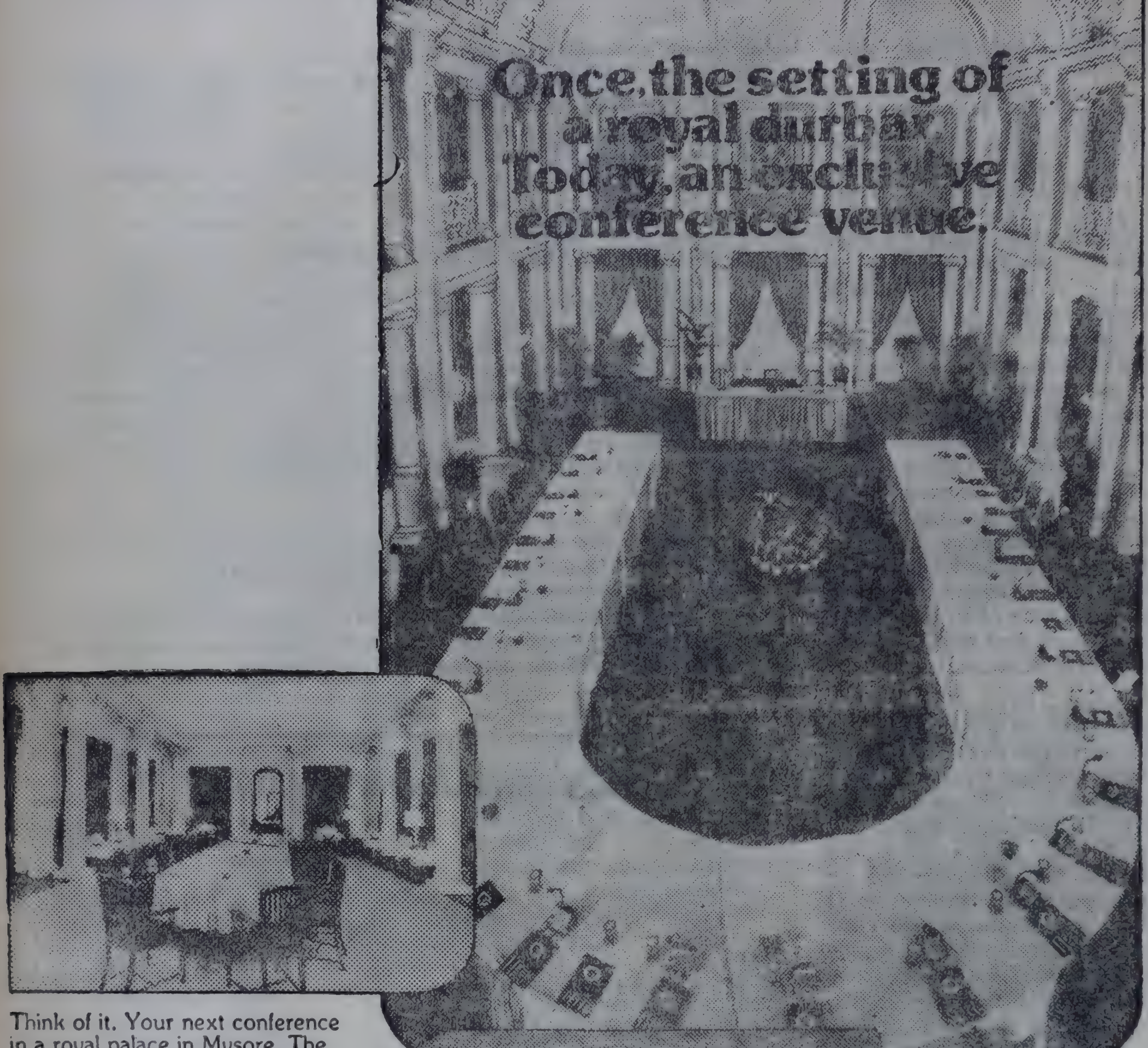
Calcutta
9 February 1982

Note: *This does not purport to be a record of the proceedings of the meeting.*

HIGHLIGHTS OF PERFORMANCE

	Year ended 30 Sept 1981 Rs lakhs	Year ended 30 Sept 1980 Rs lakhs
SALES	7794	6190
PROFIT BEFORE TAXATION	960	455
PROVISION FOR TAXATION	625	260
PROFIT AFTER TAXATION	335	195
DIVIDEND DISTRIBUTION	164	123

EARNINGS PER SHARE	Rs 4.08	Rs 2.38
DIVIDEND PER SHARE	Rs 2.00	Rs 1.50


Once, the setting of a royal durbar. Today, an exclusive conference venue.

Think of it. Your next conference in a royal palace in Mysore. The city — an oasis of tranquillity, at the foot of the Chamundi Hills.

The palace — where lifestyle spells magnificence. Your conference has a splendid setting. A Conference Hall and a Banquet Hall, where the decor is richly royal. And with it, full facilities — secretarial services, audio-visual equipment, microphones *et al.*

How about a holiday? Bring your seminar or conference to Mysore and discover a fascinating city. With its palaces, serene boulevards and parks.

Go sight-seeing to the island fortress of Srirangapatna, the Brindavan Gardens, the temple architecture of Halebid and Belur.

The Chamundi Hills with the famous Nandi Bull or the Bandipur Wildlife Sanctuary.

The ideal business-holiday tie-up.

For information and reservations, contact:

The Manager
Lalitha Mahal Palace Hotel
Mysore 570011 Karnataka
Tel 23650 Cables TOURISM
Telex 0846-217
Or

Ashok Reservation Service:

	Tel	Cables	Telex
Delhi	350070	CENTRES	031-2468
Bombay	232722 233343	TOURISM	011-4171
Calcutta	440901 440922	TOURISM	021-2307
Madras	83865 89672	TOURISM	041-7262

The Ashok Group

Lalitha Mahal Palace Hotel

Where conferring has never been more enjoyable.

ASP/ITDC/284 01A

India Tourism Development Corporation

US economy slides deeper into recession

Concluded from page 258

creased tax cuts as planned by President Reagan as per the advice of the "supply-siders," Dr Weidenbaum said "tax payers will soon see that the reduction in government spending, despite any immediate problems they may cause, go hand-in-hand with much needed tax cuts."

Dr Weidenbaum blamed previous administrations (under Democratic rule) for their "stop-and-go" policies in dealing with the economy. "The feeling of this administration," he said, "is that less, not more government is the answer to our economic problem. Already I can see that our economic policies have led to a new realism in economic decision-making in the public and private sector."

Mr Weidenbaum concluded by saying, "Long-range stability does not occur simultaneously" with economic programmes. "Currently we are going through a period of adjustment, but I see us well on our way toward redeeming the economic problems of the past decade."

Refuting Dr Weidenbaum's claims, however, the forecast issued by the Citibank says signs of an economic recovery may emerge as soon as next summer. But a broadbased revival in the manufacturing sector will not begin until the last quarter of 1982, in part because of weakness in the auto and housing industries.

By contrast, the Reagan Administration has said it expects economic activity to rebound in the second quarter of 1982, with the GNP registering a small gain. Citibank predicted the GNP would fall 2.1 per cent in that period. Citibank also said it expects the Federal Reserve Board to keep a tight grip on the supply of money and credit, thus preventing any substantial decline in mortgage interest rates. As a result, housing and auto sales will not recover as quickly as usual following a recession.

The nation's GNP, after adjustment for inflation, fell at an annual rate of 5.2 per cent in the fourth quarter of 1981, confirming the widespread recession in the United States. The decline in the real GNP was the second in the last three quarters of 1981. While the slump in the fourth quarter of 1981 hit almost every sector of the economy except services and government spending, the automobile and housing industries bore most of the brunt of the decline.

The fourth-quarter decline, while steep, was significantly less than the 9.9 per cent decline in the second quarter of 1980, during the heart of the last recession in the U.S. Nevertheless, the September-to-December, 1981, drop in the GNP was the fifth-largest quarterly drop since World War II.

For the year 1981, the GNP, after subtracting inflation, rose 1.9 per cent, with almost all the growth coming in the first quarter. The GNP rose at an annual rate of 8.6 per cent in the first quarter of last year, dropped 1.6 per cent in the second quarter, rose 1.4 per cent in the third quarter and then fell at the 5.2 per cent annual rate in the final three months of 1981. In 1980, the GNP fell two-tenths of 1 per cent.

With most forecasts of growth for this year (1982) substantially below 1 per cent, the U.S. economy could, by the end of 1982, have been through the worst three years for average overall growth since 1932, 1933 and 1934, the middle of the Great Depression, according to Donald Starszheim, an economist of Wharton Econometrics.

It is generally expected by the analysts that America's gross national product will grow at the rate of about 5 per cent in each of the years 1983 and 1984.

Industrial Production : Issued monthly by the Federal Reserve Board, this index shows changes in the physical output of America's factories, mines and electric and gas utilities. The index tends to move in the same direction as the economy, making it a good guide to business conditions between reports on GNP. Detailed breakdowns of the index give a reading on how individual industries are faring.

Industrial production in the United States tumbled 2.1 per cent in last December, the fifth straight monthly decline and the biggest since May, 1980, according to the figures released by the Federal Reserve Board. This latest reading of the actual output of the nation's factories, mines and utilities is regarded by some as evidence that the recession was not yet near bottom, while others say that the figure was confirmation that the contraction in the economy picked up speed during the final weeks of 1981. The decline in the industrial output in December shows, says Allen Sinai of Data Resources Inc., that the recession in the U.S. "still has a way to go."

Index of Leading Economic Indicators : This Index of Leading Economic Indicators boils down to one number the movement of a dozen statistics that tend to predict —or "lead"—changes in the GNP. This monthly index issued by the U.S. Commerce Department includes such things as layoffs of workers, new orders placed by manufacturers, changes in the money supply and the prices of raw materials. If the index moves in the same direction for several months, it's a fair sign that total output will move the same way in the near future.

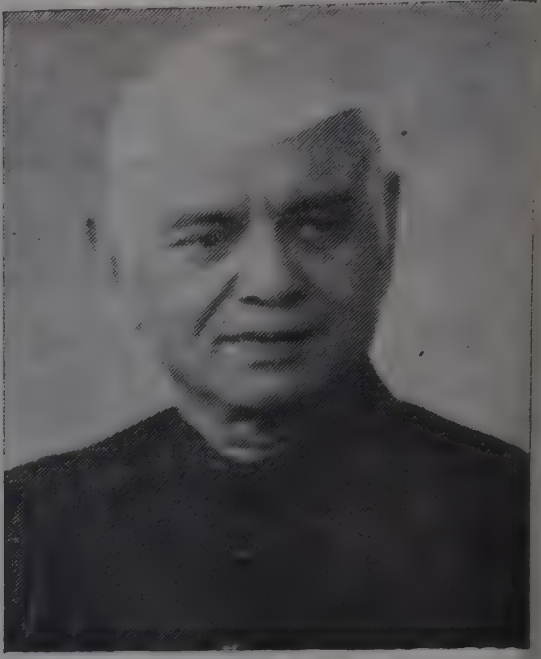
This index of 12 economic trends fell three-tenths of 1 per cent in November 1981, a significant smaller decline than in the declines of 1.6 per cent in October and 2.1 per cent in September. The index is based on the year 1967 which is equal to 100, seasonally adjusted.

Unemployment Rate : The percentage of the work force that is involuntarily out of work is a broad indicator of economic health. A decreasing number of jobs is a sign that the firms are cutting production.

The unemployment rate in the U.S. surged to 8.9 per cent in last December, with nearly 9.5 million Americans looking for work and more than another million too discouraged to keep looking, according to the figures released by the U.S. Labor Department. Jobless rate for November 1981 was 8.4 per cent, highest in the last six years. Average annual unemployment rate for 1981 was 7.6 per cent and 7.1 per cent for 1980.

PROBLEMS AND PROSPECTS OF SUGAR INDUSTRY

By D. D. PURI



Shri D. D. Puri
President, ISMA

1. The Sugar Industry has, year after year, steadily gone down. Over 60 per cent of the units are sick by all accepted standards. Over the years they have moved from the joint stock into the State or the Central sectors but they continue to be sick. In many cases they got sicker.

2. The cooperative sector with more modern equipment and of recent origin is scarcely better. According to the Chairman of Maharashtra Rajya Sahakari Sakhar Karkhana Sangh Ltd., 35 new cooperatives in that State are also sick and have a carry-forward loss of over 45 crores. 51 cooperatives are reported to have defaulted on their obligations to Financial Institutions. This is despite crores of Rupees having been doled out in one form or the other by the State Governments.

3. What have been the causes of such sickness is indeed a question that should have troubled the minds of all concerned particularly that of the Government, since the Industry is fettered with all-embracing regulations and controls, some applied by law and others—like the State Governments determining the cane prices—without the sanction of law. While the situation has been drifting year after year, it is indeed a matter of regret that there was no serious effort on the part of the authorities to remedy it earlier on.

4. It is for the first time that some action has been initiated in that the need for assistance to old and smaller units has been recognised who have been allowed an additional levy price. The decision of the Government to constitute a Development Fund for rehabilitation, modernisation and cane development purposes is also a step in the right direction. While these measures are indeed of great significance to the Industry and should help its stabilisation of future years, there is yet a variety of factors which need urgent consideration if further spread of sickness in the Industry has to be avoided.

5. The most important problem has been that of cane price for which the Bhargava Commission evolved a long term solution in the shape of the Bhargava formula, which was a more updated form of the old Kidwai concept of basically changing the relationship between the cane grower and the factory from confrontation to partnership. Unfortunately, State Governments have vied with one another in killing this concept. They continue to enforce State "advised" prices without any regard to the paying capacity of the Industry. Unless this basic iacuna is remedied and the Bhargava formula is allowed to operate, it would be difficult to ensure economic viability to the Industry on a long term basis.

6. It is equally important that the Industry is assured of an economic price structure. A more liberal attitude with the cost figures and less red ink when the calculations are made, is imperative.

7. The other factor causing sickness in the Industry is the inadequacy of cane development activities specially in the North where the State Governments, according to expert bodies like the Sen Commission, have failed to provide the necessary infra-structure. As recommended by another expert body, Pasricha Committee, to accelerate cane development activities effective participation of the Industry be ensured by appropriate measures.

8. Indiscriminate licensing of new units in close proximity of the existing units without any regard to the availability of cane is yet another and perhaps the most significant factor spreading sickness. As a result, while the number of units over the years has gone up, the crush per unit has come down progressively. The problem is that the State Governments are vying with each other for sponsoring more and more units mainly on political considerations. All the 10 joint stock units in Maharashtra, which were known for their efficiency, have been rendered sick because of the location of new units in their close proximity. The sickness is fast spreading amongst the newer cooperative factories installed in the State and also in other states. This will only add to inflationary pressures in our economy. Undeniably, adequate precaution has to be taken that the new capacity created yields the desired production and it does not remain idle, and does not make the neighbouring factory idle.

9. Sugar cane production in 1980-81, according to Government figures was 152 million tonnes, equal to the crop in 1978-79 when we produced 58.4 lakh tonnes with an installed capacity of 59 lakh tonnes. Last year the capacity had increased to 63 lakh tonnes. The cane was there. The capacity was there. Yet we produced only 51.4 from the same quantity of cane. We should, on a safe reckoning, have produced 63. We thus lost 12 lakh tonnes sugar. The cane that would have produced this additional sugar was turned into gur and khandsari. 40 per cent of the sugar in this case was consigned to fire, used as fuel. With such additional sugar output we would have not only avoided sugar imports which cost the Exchequer Rs 100 crores in foreign currency, but exported atleast 5 lakh tonnes earning foreign exchange of approximately Rs 250 crores.

10. In the current season 1981-82, most State Governments announced cane prices even before the levy prices were announced. Under the circumstances it is the normal duty of the Central Government to maintain free market prices at which the Industry is able to get a return determined by the High Level Committee.

Government after Government have acknowledged he inescapable need of a buffer stock to guard against future shortfalls in production. Way back in 1965, the Sen Commission quantified the figure as 12 lakh tonnes against the total production of 35 lakh tonnes; 30 per cent of the production. The modalities of this buffer need to be finalised without delay since it involves godown space, bank finance (including the finances for building storage space if found necessary) and other factors which cannot be improvised at short notice with all the will in the world.

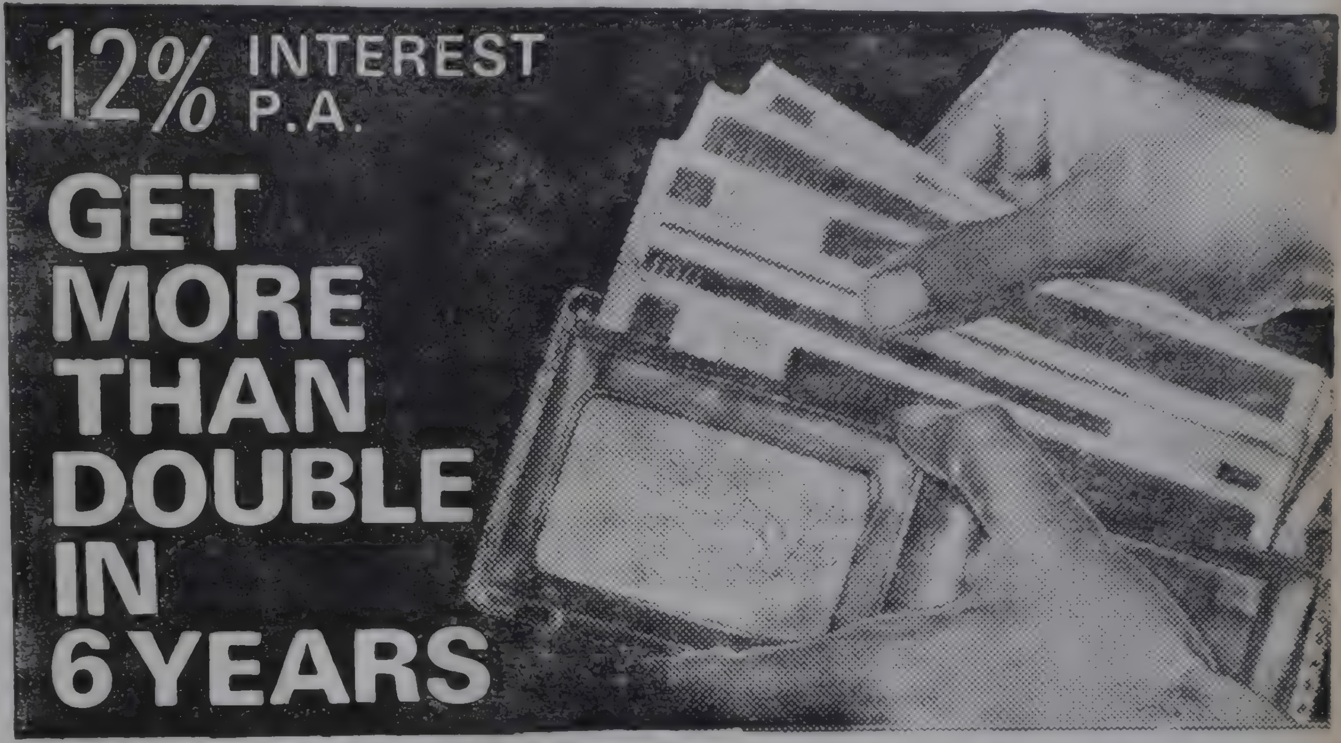
11. It is heartening that we have again resumed exports. All we seem to have succeeded in doing so far is that our lapses of the past have been condoned. There is need for India to take the initiative and build up a momentum to bring about some basic changes in the International Sugar Agreement. There is need to provide for a global buffer, with effectiveness in it.

12. A suitable scheme of excise rebate concessions on late crushing be finalised and announced soon. The scheme be made broad based by recognising the nil base, failing which a vast majority of the factories will not be able to avail of the concession and the orderly disposal of surplus cane may pose a serious problem.

13. The Sugar Undertakings (Taking Over of Management) Act, 1978 was passed with the specific objective of maintaining production and for avoiding undue hardship to cane growers. It has, indeed taken us by great surprise, when the Government amended the said Act extending the period of take over by further three years which has been applied uniformly. However, now that the Act has been extended, it is hoped that it will be applied judiciously and for minimum possible period.

14. In order to encourage new units and expansion projects, the Government of India have announced a scheme of incentives for them. However, undue delays are taking place in the processing of incentive claims because a highly time consuming procedure has been laid down. In so far as the new factories are concerned, Government is permitting incentive releases on a provisional basis. Similar treatment be given to expansion projects by allowing incentive releases on a provisional basis pending finalisation of the cases. In case however, this is not found feasible, it becomes imperative that the expansion cases are finalised preferencially and as expeditiously as possible, by simplifying the procedure.

Adapted from the Presidential Address of Shri D. D. Puri, delivered at the 48th A.G.M. of the ISMA held at New Delhi on 3rd February, 1982.



Invest in National Savings Certificates

Yes, here is a Scheme with sound security and high returns you have been waiting for — The 6-Year National Savings Certificates VI and VII Issues.

Attractive facilities under both Issues—

You can buy Certificates from all Post Offices. No limit on Investments. Nomination facility available. Indentity slip ensures easy encashment of Certificates anywhere in India.

Non-Residents can also purchase these Certificates through their Bankers.

Tax-free interest upto Rs. 3000 under Sec. 80-L of I.T. Act along with other securities. In VI Issue, interest is shown on annual accrual basis for tax purpose.

VI Issue

You want to double your money fast? Here is our guarantee. Invest in National Savings Certificates VI issue at 12% interest compounded half yearly-the highest ever interest rate and in just 6 years you will receive more than double the money you have invested.

VII Issue

Here is an unique opportunity to earn highest interest every six months at 12% per annum.

For details contact:
- Directorate of Small Savings, New Administrative Building, Bombay 400 032. Phone: 232537, 230290
- Nearest Post Office.
- Authorised Agents of Small Savings.
- Asstt. Dir. of Small Savings, C/o Collector of District...

DGIPR/SS

Special Reports

Indo-EEC trade: Missed opportunities

From MALCOLM SUBHAN

BRUSSELS

INDO-EEC relations continue to be characterised by misunderstandings on both sides. Official as well as industrial and trade circles in India are convinced that the 10-nation European Economic Community is highly protectionist and point to the country's large trade deficit as the clearest evidence of this. The EEC is equally convinced that Indian exporters and industrialists are so preoccupied by the handful of restrictions imposed by the Community that they overlook the opportunities it offers them, notably through its Generalised System of Preferences (GSP).

These misunderstandings are partly due to an information gap: there seems to be little detailed information available to exporters about the EEC's import rules and regulations. On the contrary, generalisations abound, many of which are obviously untrue. A background note on Indo-EEC trade and economic cooperation issued by the Federation of Indian Chambers of Commerce and Industry last month attributes the decline in India's agricultural exports to "the Community's highly protective agricultural policy." It argues that "a good deal of practical experience and flexibility is needed for dealing with the EEC bureaucracy and many marketing agencies."

Now the Community's agricultural policy is highly protectionist, but mainly for producers in the temperate zones. There are no restrictions of any kind on India's major agricultural export-tea. Nor are there any restrictions on oil cakes. Flue-cured Virginia tobacco enjoys preferential entry under the GSP scheme.

For this, and certain tropical products, the Lome Convention countries enjoy more favourable terms of entry; but it should be pointed out that most of these countries are inefficient producers and pose no real threat to India; which perhaps is one reason why they have invariably opposed the EEC's attempts to liberalise its GSP scheme in favour of other developing countries. Incidentally, as a by-product of the Lome Convention India can export up to 25,000 tonnes of sugar a year at the price paid to EEC sugar producers. However, it failed to ship even a single tonne last year, although not for the reasons invoked by FICCI.

It was in an attempt to bridge this information gap that the European Common Market Commission organised last month information seminars in Bombay, New Delhi, Calcutta and Madras. In order to ensure the success of its "bridge-building" efforts the Commission, which has a major role in drawing up and implementing the EEC's trade policy, had secured the cooperation of the Federation of Indian Chambers of Commerce and Industry and local chambers of commerce and industry.

The enterprise, unique in the annals of the EEC, revealed the extent of the information gap, which the very large Common Market team did its best to fill in the limited time at its disposal. Thanks to the press, the Europeans were able to reach a large and influential audience, and it may be that exporters will show greater interest in the EEC market this year.

But the exercise also revealed the existence of another gap between Europeans and Indians, one it will be much more difficult to bridge. It is best described as a gap in attitudes — towards existing problems, of course, but even more towards each other. Indians and Europeans, in other words, were on very different wavelengths during the information seminars, which made communication difficult at times. (It resulted in a series of very sharp exchanges in Calcutta).

Indian speakers were conscious of belonging to a developing country. They tended, therefore, to see in the Commission team the developed, industrialised world — and to address it as such. Shortcomings in the Community's GSP scheme, for example, were often viewed in the context of North-South relations! The note by the FICCI demanded that the 128 products on the sensitive list be reduced "in a phased manner," especially

Retail prices of essential commodities in Bombay

Compiled by Commerce Research Bureau

Item	Quality	Rs per kg				Percentage variation on Feb 5, 1982 over		
		Feb 5, 1982	Jan. 29, 1982	Jan. 8, 1982	Feb. 6, 1981	A week ago	A month ago	A Year ago
Rice	Average	3.80	3.80	3.80	3.00	—	—	26.7
Wheat	Average	3.90	3.90	3.90	2.80	—	—	39.3
Jowar	Average	2.50	2.50	2.50	2.20	—	—	13.6
Bajra	Average	2.50	2.50	2.50	2.20	—	—	13.6
Gram dal	Average	5.50	6.00	6.00	6.40	—8.3	—8.3	—14.1
Tur dal	Average	6.50	6.50	6.50	6.50	—	—	—
Potatoes	Average	1.75	2.00	2.25	2.25	—12.5	—22.2	—22.2
Onions	Average	1.50	1.50	2.00	1 25	—	—25.0	20.0
Milk per litre	Buffalo	5.00	5.00	5.00	4.90	—	—	2.0
Tea	Average	24.00	24.00	23.00	24.00	—	4.3	—
Coffee	Average	18.00	18.00	17.50	17.50	—	2.9	2.9
Kerosene per litre	—	1.66	1.66	1.66	1.49	—	—	11.4
Bread (400 gm)	—	1.55	1.55	1.55	1.40	—	—	10.7
Sugar	Average	6.20	6.20	6.60	7.80	—	—6.1	—20.5
Gur	Average	5.00	5.00	5.00	5.00	—	—	—
Groundnut oil	Average	15.00	14.50	15.25	13.00	3.4	—1.6	15.4
Vanaspati	Average	15.00	15.00	15.00	—	—	—	—
Toilet soap	—	1.95	1.95	1.95	1.90	—	—	2.6
Exercise book (200 pages)	—	2.50	2.50	2.50	—	—	—	—

In view of the fact that "imports from the most competitive countries are restricted by means of the so-called country quotas."

The Common Market team clearly was taken aback by such broad-based attacks on the EEC's import policies. It believed that the Community had sincerely tried to encourage imports from India, notably through its GSP scheme. It wanted, therefore, to (1) draw the attention of Indian exporters to this element of positive discrimination in their favour and (2) collect information on specific problems faced by them, in order to see what could be done through the institutional machinery set up under the new commercial and economic cooperation agreement.

The team's leader, Jos Loeff, a key official on all trade matters, repeatedly pointed out that under the GSP scheme Indian exports of virtually all manufactured products enjoyed duty-free and quota-free entry. Unlike certain industrialised countries the EEC had included textiles and clothing in its scheme, although it had limited these imports by means of quotas. Even so, by allocating these quotas among the exporting countries, the Community had enabled India to take better advantage of them.

As for the GSP's restrictive features, Mr Loeff argued they operated in India's favour as they limited the share of her strongest competitors. Thus of the 128 sensitive products, India was considered as one of the most competitive countries in the case only of footwear; and even so it had been treated more favourably than other footwear exporters.

This difference in attitudes, in approach, was most clearly reflected in the discussions over textiles and clothing. This was hardly surprising, given that such exports amount to some 50 per cent of the country's total exports (if products not covered by the Multifibres Arrangement are included). The Indian speakers were only too conscious of the quotas which affect their exports to the EEC and expressed fears that fresh restrictions would be introduced under the bilateral agreement to be negotiated later this year.

Mr Loeff obviously did not seek to deny the existence of the quotas. But he pointed to the underutilisation of several quotas, which was too large to be due to the way in which quotas are implemented. He went on to argue that but for the quota system Indian exporters would find themselves squeezed out of the European market by the more competitive firms in the Far East and Brazil.

Neither attitude is wholly correct, of course. The fact is that certain Indian exports to the EEC are restricted by means of tariffs, quotas and other non-tariff barriers. As the EEC is a highly competitive market in which all the West European countries enjoy duty-free and quota-free entry, even relatively low tariffs can be an obstacle to trade expansion. Statistics show that the industrialised countries, including the US and Japan, have been increasing their share of the Community market for textiles and clothing.

Moreover, the *threat* of import restrictions is an even greater restraint on exports than the restrictions themselves. As matters stand at present, the Community's GSP scheme favours India, in that the benefits available to certain Far Eastern countries, for example, are more limited. But with Indian exports of footwear already restricted, Indian exporters cannot ignore the threat of export restrictions on other manufactured products.

But Indian speakers at the information seminars tended to exaggerate the protectionist threat and to overlook the opportunities available to them. The fact is that the EEC has tried to help India, both through trade concessions and financial aid. The former cannot be preferential, of course; but the Community has tried to offer concessions on products for which India is an important, if not major, supplier.

Even as regards textiles, the EEC has resisted pressures from its industry to consider India as a dominant a supplier, although its total exports are much bigger than those of Macao (which is treated as a dominant supplier and as such is liable to cutbacks). Among the criteria to be used to separate the highly competitive suppliers from others is per capita GNP, which has been fixed at $ 300, principally in order that Indian exports may not suffer. And Indian officials would be the first to admit that the MFA, and the bilateral agreement negotiated under it, assure Indian exporters a share of the Community market.

Clearly, if Indo-EEC trade is to expand, the Common Market will have to be less complacent about the opportunities open to Indian exporters and take their complaints more seriously. But the latter will have to look at the EEC market in a more positive spirit, focussing on the opportunities it offers, and not just on the problems it presents.

Lag in power programme

BOMBAY

THE size of India's future power programme will be adversely affected by the pressures of non-plan expenditure the state governments are facing and the short-term liquidity problems of the state electricity boards, according to Mr Satish Chandran, secretary, Union Ministry of Energy. He told members of the Indian Electrical Manufacturers Association (IEMA) at its 34th annual general meeting in Bombay recently that though the power sector was bound to be given more priority under the government's new 20-point programme, the future for electrical manufacturers was not too optimistic. But Mr Chandran reassured the industry that there would be no large-scale imports of power equipment to the detriment of domestic industry. However, imports could not be ruled out in cases where domestic manufacturers could not meet requirements. He also emphasised the importance of standardisation. India's share in the international market for power equipment would depend on the reputation the industry enjoyed for quality. Energy conservation and the efficient use of energy were other areas that require special attention.

Though the power sector in India has grown phenomenally, it had still a long way to go. India will also have to update its technology because of the fast changes in power technology. Power generation has been better in the current fiscal year and the functioning of power stations has been improving. An additional 20,000 mw of capacity is to be added in the Sixth Plan. The achievement of this target might not be possible. In the first year of the Plan, implementation of power projects has been slow because of poor project planning and mismatching of funds. But the shortfall in achieving targets can be kept low with the good performance of thermal stations.

Mr U. V. Rao, president of IEMA, said, the recommendations of the Rajadhyaksha Committee on Power should be implemented. Though fund allocations for the power sector were to be stepped up further, it was a matter of great concern that during the first six months of the current financial year, actual expenditure was only Rs 548 crores against an outlay of Rs 2,323 crores for the whole year. Another disturbing trend was that state electricity boards had curtailed their procurement programme drastically. There have even been cases of cancellation of orders. He expressed the association's unhappiness with the government order reinstating price and purchase preferenc, which expects the purchasing authorities to enter into negotiations with public sector undertakings to bring prices within acceptable levels. They have to approach the Cabinet Committee for clearance, if the prices quoted by public sector under-

Continued on page 293

Bonn to help in coal development

From RADHESYAM PUROHIT

BONN

MR Otto Graf Lambsdorff, West German Minister for Economic Affairs, who recently visited India, in an interview to *Commerce* talked of the possibility of the Federal Republic of Germany helping in the development of the Indian coal industry. He said the German coal sector was interested in such projects. As far as development of oil resources was concerned, it was not possible for the Federal Government to help in oil exploration and the German firm of Deminex would be interested in such projects only if the proposition was attractive economically.

Dr Lambsdorff said that Indo-German economic relations had strengthened over the years and it was not necessary to give a new emphasis to them.

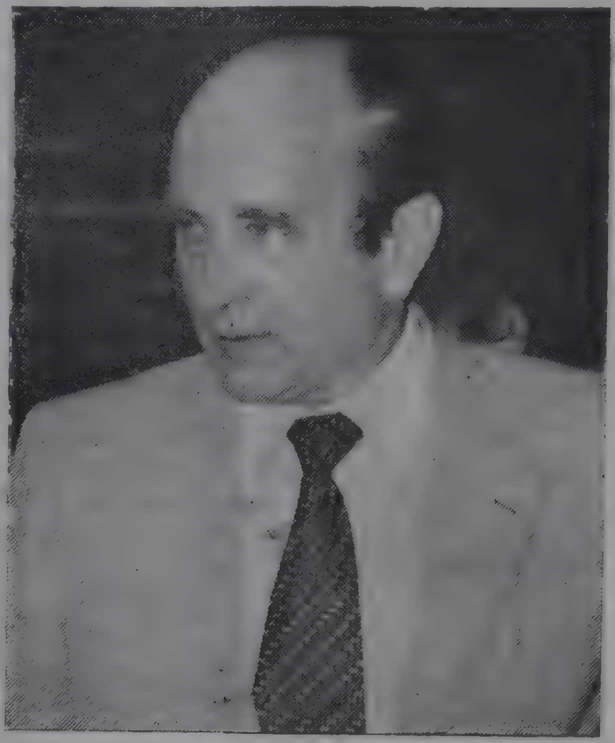
Herewith the text of his interview.

Commerce : During your recent visit to India you reviewed the bilateral economic relations and other topics with the politicians and officials there. Which were the areas of co-operation? Do you think that your visit gave new impulse to Indo-German relations?

Lambsdorff: It is not necessary to give a new emphasis to Indo-German economic relations. Our relations have developed over many years and according to me they are good. I recall that the volume of trade between our two countries since 1975 has doubled, and I also recall that India is considered by the Federal German Government — an important partner in the East Asian region. This is also the reason why India is the main receipient of German official aid. In my talks in Delhi, the main stress was to revitalise our relations in all the fields, and particularly in the fields where both countries could co-operate closely. The spectrum of this co-operation includes questions of trade, private investment and possibilities of joint ventures. We also discussed world economic questions as also the problems of North-South relations. In this particular field, India is a spokesman for the Third World.

Commerce : Much has been discussed about Indo-German projects in third countries and little has come out till yet. Also, the import of finished and half-finished Indian products into FRG and EEC has remained below expectations. What, according to you, are the reasons for this bottleneck?

Lambsdorff: The exchange of trade between the European Economic Community (EEC) and India has trebled since the agreement in 1974. This is not a bad outcome and I do not know if anyone had more expectations. It is, however, correct that the Indian exports did not keep pace with the increasing imports of the EEC as a whole, with the result that the share of Indian imports into the European Common Market has declined. This had led to more deficits in India's balance of trade. Europe, however, considered India's desire for closer relations with the EEC and offered a new expanded agreement on economic and trade co-operation which was signed last year. This agreement envisages co-operation on a larger scale in trade and economy. There are also provisions for promotion of industrial co-operation, technology transfers and also intensive consultations in order to promote positive developments between the EEC and India. I may also add that as far as the protectionistic tendencies are concerned, which unfortunately are not rare, we are decisively against such dvelopments.



Dr Otto Graf Lambsdorff

Commerce: On the one hand, you say that the economy of the FRG is governed by the "social market economy", which allows demand and supply to function freely. But on the other hand, you have imposed quotas on the goods that became popular in FRG—for example Indian textiles. How do you explain this?

Lambsdorff: The FRG Government is a member of the EEC which is alone responsible for the Community trade policy. I think this explains almost everything. As regards quotas, I think one has to see the picture in its totality. Our principles of market economy and liberal trade policy, are not automatically binding for our friends and partners in the EEC. This sometimes creates difficulties and misunderstandings which have to be dispelled. Regarding textile problems: Barriers to the exports in the EEC are not for all categories of textilesgoods, and even in limited field India did not fully utilise all the export chances available to her in the EEC. Difficulties are mainly in the sector of cotton textile products and bed sheets. However, India is one of the important exporters of textiles and garments to FRG. India has increased her exports to the EEC considerably in the last two years even if all the expectations of that country have not been fulfilled.

Commerce: You have denounced protectionism as such, because the German economy is export-oriented. But the quota system, artificial barriers and various import restrictions against Indian goods into the FRG are nothing but indirect protectionism. Am I wrong in this assumption?

Lambsdorff: You would hardly find a greater opponent of protectionism than myself. I wish also that the existing tariff trade barriers could be brought to zero. But this is an illusion in the present world economic conditions; even maintaining the existing stand is creating many problems. I need not name individual countries or economic groups, where the programme and reality differ from each other. If you consider particularly the relationship between India and FRG, I think we definitely have a better record than other members of the EEC. This was also as regards imports of Indian textiles in the FRG in which an annual growth of more than six per cent is recorded as envisaged by the world textile agreement. I, however, agree that there is yet much to do if we want to remove the discrepancies between the philosophy of free world trade and the real practice in some of the sectors of trade.

Commerce: In the energy sector, India is striving hard to develop its oil sources in order to lower the burden of her oil-bills. In this connection off-shore drilling seems promising. Are there any prospects of Bonn's cooperation with this project or plans concerning exploration of new sources of energy in India?

Lambasdorff: In this field only the exploration agencies themselves should decide. It is not positive for the Federal Government to help in the oil exploration abroad. As far as I know, the German firm Deminex is interested in such projects, if such an offer is economically interesting for the firm and if there is the possibility for the firm export of raw oil. As far as coal is concerned, there is a long-standing contact between the German and Indian coal authorities, who are exchanging ideas and experiences regularly. However, till now there has been no large-scale commercial agreement. We would be interested in extending financial assistance and technical facilities will for the promotion and development of the coal industry. Moreover, the German coal sector is interested in such projects.

Black money and Supreme Court

NEW DEHLI

THE judgment of the Supreme Court on February 2, quashing the proceedings instituted by the Government of West Bengal against Sanchaita Investments, Calcutta and its partners bring to light once more the tragic incapacity of the legal-judicial system in the country to punish the guilty. The proceedings against the firm were quashed by the court, despite the court's belief that the firm was dealing in and creating black money, on the technical ground that the activities of the company did not come under the purview of the law (Prize Chits and Money Circulation Scheme (Banning) Act 1978) under which the prosecution had been launched by the State Government.

Although the court quashed the proceedings, it did not consider it proper to release to the firm the documents, books, papers and other articles seized during the investigation by the West Bengal police and directed that these should be retained in the custody of the police for a period of two months from the date of the judgment because, as the Chief Justice put it, "considering the manner in which the firm has manipulated its accounts and its affairs, I have no doubt that it will secret the large funds and destroy the incriminating documents if they are returned to it."

The documents should be returned to the firm on the expiry of two months period subject to "any lawful directions which may be given or obtained in the meanwhile regarding their custody and return". The court's direction for the detention of the documents underlined the disquiet that the court felt about the activities of the firm as it bore out the essential correctness of the action of the West Bengal Government in moving against the firm.

The Chief Justice of the Supreme Court, Mr Y. V. Chandrachud, said that the facts disclosed "a bizarre state of affairs", in which "a token capital of Rs 7,000 has begotten a wealth of crores of rupees within a span of fiive years". "There is no question that this vast wealth has been acquired by the firm by generating and circulating black money", the Chief Justice said.

The history of the company, as recounted by the Chief Justice, provides a sad commentary on the working of the Union Finance Ministry and the Reserve Bank of India. Sanchaita Investments commenced its business in July 1975. In an advertisement to the public during that year the firm falsely claimed that its business was approved by the Reserve Bank of India. It took four years for the Reserve Bank of India to advise the firm in May 1979 to issue a corrigendum which the firm did. On July 6, 1979 a member of the Lok Sabha wrote a letter to the then Deputy Prime Minister, Mr Charan Singh, complaining that the business of the firm was a cover-up for a parallel banking system for black money. The Directorate of Department of Economic Affairs, Ministry of Finance, Government of India, forwarded a copy of that complaint letter to the chief officer, Department of Non-banking Companies, Reserve Bank of India, Calcutta, for enquiry. No investigation was carried under the plea that the capital of the firm was less than rupees one lakh and, therefore, the firm did not come within the definition of a non-banking institution as provided in the Reserve Bank of India Act 1934.

Bombay spot exchange rates of currencies as on 8-2-82

(Currency units per Rs 100)

Country	Currency	Selling T.T.D.D.	Buying T.T.clean
Australia	A. $	9.830	10.060
Austria	A. Schilling	176.30	180.00
Belgium	B. Franc	428.00	438.00
Canada	C. $	12.960	13.255
Denmark	D. Kroner	82.50	84.10
France	Franc	63.95	65.30
Hong Kong	H.K. $	62 75	64.15
Italy	Lira	13,455	13,730
Japan	Yen	2514	2563
Malaysia	M. $	24.84	25.33
Netherlands	Guilder	27.58	28.14
Norway	N. Kroner	63.65	64.95
Singapore	S. $	22.69	23.14
Sweden	S. Kronor	61.40	62.65
Switzerland	S. Franc	20.20	20.65
UK	£	5 8245	5.8665
USA	$	10.815	10.925
West Germany	D. M.	25.17	25.65

SOURCE: Syndicate Bank, Foreign Exchange Division, Bombay.

More than a year later on September 30, 1980, the deputy secretary, Finance Department, Government West Bengal, wrote a letter to the chief officer enquiring how an investigation could be made into the working of the firm. On October 1, 1980, the West Bengal Finance Minister, Dr Ashok Mitra, wrote to the then Union Finance Minister, Mr Venkataraman, complaining that the firm was involved in high-risk investment and that large amounts of public money were kept in deposit with the firm which were not subject to any regulatory control. Surprisingly enough, instead of taking action on that letter of the State Finance Minister it was handed over informally (what was informal about the letter of a State Finance Minister to the Union Finance Minister complaining against a firm?) to the then Deputy Governor of Reserve Bank of India, Dr K. S. Krishnaswamy, who did not consider it necessary to institute an enquiry. No action was taken on further representation of the State Government to the Central Government.

The staggering revelation was made that on September 1, 1980 the firm was holding deposits to the tune of more than Rs 73.51 crores of which more than Rs 11.49 crores were accounted for by small depositers who had each deposited Rs 10,000 or less. The firm had not filed any income-tax return after June 1, 1977. "What indulgence they have managed cleverly to secure is not yet known", the Chief Justice said. A bank account opened by the firm in a fictitious name had a sum of about Rs 28 crores in it which was withdrawn seven days before the lodging of the FIR by the West Bengal Government, suggesting some leakage of information regarding the impending prosecution. "The firm had no ostensible source of income from which such exorbitant amount could be paid and its account books, such as were seized from the head office, give no clue to its income or its assets. The partners of the firm have become millionaires overnight. Clerks and chemists that they and some of their agents were in 1975, today they own properties which will put a prince to shame. 'Rags to riches' is how one may justly describe this story of quick and easy enrichment", the Chief Justice said.

The Central Government and the Reserve Bank of India owe an explanation to the public as to why they had remained indifferent to the affairs of this firm even after a State Government had urged action and what action they now propose to take against it in the light of the observation of the Chief Justice.

UP BUDGET

Deficit of Rs 129 crores, but no fresh taxes

LUCKNOW

UP's annual budget estimate for 1982-83 reveals a deficit of Rs 128.97 crores. This is proposed to be partially covered by effecting maximum recovery of government dues and economy in non-plan expenditure. Presenting the budget estimates in the UP assembly, the Finance Minister, Mr Brahma Dutt, proposed no fresh taxation at this stage for the second successive year. He, however, announced that certain proposals for 'rationalisation' of the existing rates of taxes would be implemented. 'Land revenue would be rationalised to remove certain disparities and the levies of road tax, passenger tax and goods tax by the State Transport Department integrated to facilitate the transporters.

Revenue and capital receipts taken together for, the next year are estimated at Rs 3,088 crores. Revenue receipts of Rs 2,268 crores include Rs 762 crores as the State's share in Central taxes, Rs 371.89 crores as grants from Government of India, Rs 789.28 crores on account of the State's own tax revenue and Rs 341.75 crores as non-tax revenue. The receipts on capital account are estimated at Rs 819.89 crores which include Rs 760.43 crores as receipt from borrowings and Rs 59.46 crores as recoveries of loans and advances given by the State Government.

The revenue expenditure for the next year is estimated at Rs 2,176.34 crores comprising Rs 439.62 crores for plan expenditure (inclusive of central sector as well as centrally-sponsored schemes) and Rs 1,736.72 crores for non-plan expenditure, repayment of loans taken by the State Government and disbursement of loans and advances is estimated at Rs 1,160.53 crores, out of which Rs 702.15 crores is for plan schemes (including central sector and centrally-sponsored schemes) and Rs 458.38 crores is for non-plan items. Thus, the total revenue and capital expenditure is estimated at Rs 3,336.87 crores which is expected to result in a deficit of Rs 248.87 crores under the Consolidated Fund.

After taking into account the estimated net receipts of Rs 119.90 crores under public account, all transactions of the budget year are estimated to result in a deficit of Rs 128.97 crores which may convert the anticipated opening balance of Rs 33.69 crores at the beginning of the year to a minus balance of Rs 95.28 crores at the close of the budget year.

The size of the Sixth Five Year Plan of the State, has been fixed at Rs 6,200 crores by the Planning Commission and for its financing the State Government is committed to raise additional resources of about Rs 1,000 crores. Efforts made in the first two years by the State Government and its commercial units to mobilise additional resources are expected to yield Rs 850 crores during the entire Sixth Plan period, leaving a gap of Rs 150 crores in the State Government's commitment to raise additional resources.

The Finance Minister also pointed out that keeping in view the upward trend in the prices of petroleum products and other items including the "increasing expenditure on establishment" the State Government may be required to mobilise, "even more addtional resources."

Asserting that an extremely favourable climate for development has been created during the first two years of the Sixth Plan and that the impediments that were coming the way of food production, industrial production and generation of power have been "largely overcome", Mr Dutt said that special emphasis had been given in the 1982-83 plan, with an approved outlay of Rs 1,202 crores, on the development of hill region and implementation of the continuing programmes in productive and priority sectors "at the desired pace of implementation and also take up a few new programmes of high priority". The new 20-point programme will be implemented.

Some of the salient features of the budget are as follows :

A provision of Rs 78 crores for National Rural Employment Programme and Rs 35.40 crores for Integrated Rural Development Programme has been made. A new department will be created to study and develop alternative sources of energy beside fixing of a target of installing 15,000 bio-gas plants. To achieve foodgrains production of 260 lakh tonnes next year, 1.46 lakh quintals of high yielding varieties of seeds, 15.90 lakh tonnes of fertilisers will be distributed and plant protection measures in 225 lakh hectares, testing of 13 lakh soil samples, soil conversion measures in 56,000 hectares, reclamation measures in 20,000 hectares of *usar* land will be adopted.

It is proposed to bring 14,500 hectares of land under plantation in 41 districts under the World Bank assisted Social Forestry Project, besides raising plantation of species of economic and industrial importance over 8,000 hectares and of fast growing species over 2,625 hectares.

An additional irrigation potential of 1.95 lakh hectares through major and medium irrigation schemes and of 7.67 lakh hectares under the private minor irrigation schemes is expected to be created during 1982-83.

The UP State Industrial Development Corporation has planned to set up a watch manufacturing unit at Jagdishpur in Sultanpur district. The Central Government is expected to take a decision

---

World food and agricultural show

THE Seventh International Food and Agricultural Trade Show (7IFA) will be held in the Rivergate Exhibition Centre in New Orleans on March 16-17, 1982.

Sponsored by the Southern United States Trade Association (SUSTA), in cooperation with the Foreign Agricultural Service of the US Department of Agriculture, this is the largest food exhibit in the US that is devoted exclusively to the export market. More than 150 exhibitors from 30 states and Puerto Rico are scheduled to display a wide variety of food and agricultural exports. These will include fresh, frozen, canned and dehydrated products, fruits and vegetables, beef, pork, poultry, rice, seafood, snack items, dairy products, feedstuffs and grains, confectionary products, and a myriad of all types of other food and agricultural products. Buyers from over 50 countries are expected to attend.

SUSTA is a non-profit association of 15 southern State Departments of Agriculture and the Commonwealth of Puerto Rico. Its primary purpose is to promote agricultural exports from its member states. The 15 member States are: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia. More information from: Raymond Lozano, Executive Director, Southern United States Trade Association, 338 International Trade Mart, New Orleans Louisiana 70130.

garding the location of four natural gas-ased fertiliser factories in UP under its heme of making available the natural as from Bombay High and South Basein through a pipeline. A project will be aken up for providing entrepreneurial evelopment and common facilities to the rtisans of backward and weaker sections nder Kanpur Urban Development programme.

Steps will be taken for expansion and modernisation of existing units and setting up of new sugar factories.

Addition of an installed capacity of 310 mw, 1,393 circuit km of main and 502 circuit km of secondary transmission lines is proposed for the next year. While work on the Parichha project (220 mw) and Unchahar project (420 mw) is in full swing, import of plant for Anpara 'B' Project (1,000 mw) from Japan is under the active consideration of the Government of India.

Lag in power programme

Concluded from page 289

takings are higher than acceptable levels. As such these negotiations delay placement of orders and implementation of projects. The government should go slow on imports of power equipment lest they damage the domestic industry. For the loans negotiated with foreign countries which specified that procurement from indigenous sources should be on a competitive basis, Indian manufacturers should be given a 15 per cent price preference, as in the case of IDA tenders, Mr Rao said.

The IEMA has earned large amounts of foreign exchange through deemed exports. To sustain and encourage this, export promotion schemes applicable to physical exports should be made applicable to deemed exports. The association has also submitted that since the payment of excise and import duties and claiming the same as drawback has proved to be time consuming, there should be a scheme for excise duty free purchases and duty free imports for export production, including deemed exports.

Dealing with the industry's financial problems, Mr Rao said, IEMA members had problems in getting payment from major customers and difficulties in arranging finance to meet their working capital requirements. The Chore Committee recommendations, which form the basis of norms for lending by banks, require that 25 per cent of the working capital be met from the industry's own funds or long term borrowings. These norms need to be considerably relaxed.

INDIAN ECONOMY: BASIC INDICATORS

By Commerce Research Bureau

WEEKLY INDICATORS

Wholesale Price Index (1970-71=100)

	During the week ended				Percentage variation			
	Jan. 16 1982	Jan. 9 1982	Dec. 19, 1982	Jan. 17 1981	Over a week	Over a month	Over a year	Over two years
Manufactured products ..	263 2	263.7	261.2	257.1	—0.2	0.8	2.4	17.2
Primary articles	265.1	266.3	264.5	248.6	—0.5	0.2	6.6	22.8
Fuel, power, lubricants etc.	437.5	437.5	437.5	386.8	—	—	13.1	44.2
All commodities	278.7	279.5	277.5	264.5	—0.3	0.4	5.4	22.5

Money and Banking

	During the week ended				Percentage variation			
	Jan. 22 1982	Jan. 15 1982	Dec. 25 1981	Jan. 23 1981	Over a week	Over a month	Over a year	Over two years
Money supply (M3) (b) ..	61,462(a)	61,580	61,268	53,348(a)	—0.2	0.3	15.2	35.3
Bank credit	29,726	29,688	29,081	24,568	0.1	2.2	21.0	40.7
Aggregate deposits ..	43,447	43,524	43,432	26,947	—0.2	—	17.6	39.7
Foreign exchange reserves(a)	4,176	4,185	4,077	5,344	—0.2	0.4	—21.9	—27.7

MONTHLY INDICATORS

	Latest month			Previous month	Percentage variation over previous month	Recent trend(c) (Per cent)
	Unit	Month	Amount/ Index			
Industrial production (crude Index)	1970=100	Dec. 1981	171.6	160.5	6.9	9.1
Exports	Rs. crores	Oct. 1981	483	456	5.9	2.5
Imports	Rs crores	Oct. 1981	800	567	41.1	—4.2
Trade balance	Rs crores	Oct. 1981	—317	—111	—	—
Foreign exchange reserves (a)	Rs crores	Dec. 1981	3,940	3,922	0.5	—18.2
Wholesale price Index ..	1970-71=100	Dec. 1981	277.3	280.1	—1.0	10.8
Consumer price Index for Industrial workers ..	1960=100	Nov. 1981	462	460	0.4	13.5
Unemployment(d)	Lakhs	Aug 1981	171.6	170.1	0.9	9.6

ANNUAL INDICATORS

	Unit	1980-81	1979-80	1973-74	Percentage variation in 1980-81 over 1979-80	Annual rate of growth between 1973-74 and 1980-81
Real national Income ..	1970-71=100	136.6(a)	126.7	105.1	7.8	3.8
Real per capita Income ..	1970-71=100	110.9(a)	104.8	98.1	5.8	1.8
Agricutural production	Triennium ending 1969-70=100	132.4	116.5	112.4	13.6	2.4
Foodgrains production ..	Million tonnes	130	110	105.0	18.2	3.1
Industrial production ..	1970=100	154.4	148.1	112.6	4.2	4.6
Exports	Rs crores	6,705	6,459	2,523	3.8	15.0
Imports	Rs crores	12,330	9,022	2,955	36.7	22.6
Trade balance	Rs crores	—5,535	—2,449	—432	—	—
Foreign exchange reserves*	Rs crores	5,316	5,706	764	—6.8	31.9
Money supply (M3) (b) ..*	Rs crores	55,314	46,792	17,571	18.2	17.8
Bank credit	Rs crores	25,270	21,537	7,339	17.3	19.3
Aggregate deposits ..	Rs crores	37.847	31,759	10,139	19.2	20.7
Wholesale prices (average)	1970-71=100	256.6	217.6	139.7	17.9	9.1
Consumer price Index for industrial workers*	1960=100	420	373	275	12.6	6.2
Unemployment(d)** ..	Lakhs	162	143	82	13.3	10.2

Notes: (a) Estimated by Commerce Research Bureau. (b) Includes currency with the public, deposit money of the public and time deposits with banks. (c) Figures indicate percentage change during the current fiscal year up to the latest month indicated as compared with the corresponding period in the preceding fiscal year. (d) Data relate to number of jobseekers on the live register of employment exchange. (e) Indicates figure for June 1981. * Financial year-end data. ** Calendar year-end data. (...) = Not available

CORPORATE SECTOR

In the market

Delton Cables

Delton Cables Ltd (Registered Office : Delton House, Bharat Ram Road, 24, Daryaganj, New Delhi 110 002) is offering for public subscription 5,86,000 equity shares of Rs 10 each (at a premium of Rs 8 per share) totalling Rs 58.60 lakhs. The subscription list, which opened on February 10, will close on February 20 but not before February 12.

The company has two factories at Delhi and at Faridabad in Haryana for the manufacture of 240 million core metres of wires and cables, 1,500 kilometres of power cables and 1,000 kilometres of radio high frequency cables.

Tumus Electric Corporation

Tumus Electric Corporation Ltd (Registered Office : Rani Baug, Rewa 486 001, Madhya Pradesh) is offering for public subscription at par 321,500 equity shares of Rs 10 each totalling Rs 32.15 lakhs. The subscription list, which opened on February 10, will close on February 20. The installaed capacity of the company is 5,000 tonnes per annum of transformer laminations/stampings and 625 tonnes per annum of magnetic strip wound cores.

Other developments

Crucibles project coming up at Mehsana

West German technology for the manufacture of silicon carbide and graphite crucibles will be used for the first time in India when Diamant Carbon and Graphite Products Ltd commissions its plant at Mehsana by the end of this year. Stating this, Mr Jitendra Dalal, a promoter of the company who has been importing Diamant brand crucibles from Becker and Piscantor of West Germany for the past 25 years, pointed out that the project would cost about Rs 3.40 crores of which Rs 2.25 crores will come from financial institutions, Rs 60 lakhs from the promoters, and Rs 20 lakhs in the form of subsidy from the Gujarat Government. A public issue of equity shares worth Rs 35 lakhs was proposed to be made some time in May this year.

The crucibles of the types to be manufactured by the company have already been accepted by the country's leading metallurgical industries, both ferrous and non-ferrous. The raw materials to be used will be silicon carbide, which is available in the country, and graphite which is proposed to be imported from Madagascar and Sri Lanka. The company is going in for import of graphite because indigenous graphite is very low in carbon content, but would not hesitate using the same when the grade comes up to the desired level. Certain categories of crucibles are already being manufactured in the country in the small-scale sector, but the company will concentrate only on those varieties which are not reserved for this sector.

PUBLIC SECTOR

APSFC : Accent on financing of tiny units

Andhra Pradesh State Financial Corporation (APSFC) came into existence on November 1, 1956 with the amalgamation of the erstwhile Andhra Pradesh State Financial Corporation and Hyderabad State Financial Corporation. The corporation celebrated its silver jubilee recently.

The silver jubilee year of APSFC is marked with the achievement of two distinct landmarks in its operations. The total sanctions made by the corporation crossed Rs 200 crores and total disbursements surpassed Rs 100 crores during 1980-81. APSFC had achieved the number one position in the country in all spheres of operation, bettering the SFCs of the industrially advanced states like Maharashtra, West Bengal, Tamil Nadu etc during 1979-80. It retained its number one position during 1980-81—its Silver Jubilee Year.

As a premier term lending institution in the State of Andhra Pradesh and as a development bank, APSFC has been giving more emphasis on encouraging employment-oriented small and tiny enterprises and giving special importance to the feasibility of the projects rather than to the age-old concept of security. APSFC, keeping these objectives in view, launched numerous innovative special schemes to help a wide variety of entrepreneurs to set up industries in the State. Commencing operations on a modest scale, APSFC sanctioned Rs 44 lakhs to 22 units and disbursed a sum of Rs 12 lakhs in the first year of its operation. Till the middle of '70s the growth rate was sedate. However, the second half of the '70s witnessed a dramatic change and APSFC's growth achieved greater momentum. By 1980-81, the corporation's total sanctions jumped to Rs 47.38 crores to 2,943 units and disbursements to Rs 30.65 crores. The total loans sanctioned as at the close of March 31, 1981 stood at Rs 217.30 crores to 17,223 industrial units and the amount disbursed was Rs 129.05 crores. The total loans outstanding at the end of March 31, 1981 were about Rs 100 crores.

APSFC has initiated programmes to give specialised training to its employees and created a training division to impart induction training to new recruits and post-recruitment training at various levels. Further, employees are also sent to specialised training schemes, sponsored by external agencies. APSFC has initiated special employment schemes. These include APSRTC and SETWIN bus passenger programmes, mini-loan scheme, composite loan schemes, loans to fishermen affected by cyclones, etc.

APSFC has laid special stress on helping the small and tiny industries. So far it has sanctioned about Rs 110 crores to 14,219 units. These units constituted 96 per cent of the total number of loans and 60 per cent of the total amount sanctioned.

Forthcoming company meetings

FEBRUARY 13 TO FEBRUARY 19

HINDUSTHAN SUGAR MILLS LTD, Kamalnayan Bajaj Auditorium, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Bombay-400 021. **(February 15, 4.45 p.m.)**

HERDILLIA CHEMICALS LTD, Patkar Hall, S.N.D.T. Women's University, 1, Nathibai Thackersey Road, New Marine Lines, Bombay-400 020. **(February 17, 3 p.m.)**

RALLIS INDIA LTD, Tata Auditorium, Bombay House, Homi Mody Street, Bombay-400 023. **(February 19, 4 p.m.)**

ALKALI AND CHEMICAL CORPORATION OF INDIA LTD, I.C.I. Auditorium, 34, Chowringhee Road, Calcutta-700 071. **(February 19, 10.30 a.m.)**

Financial analysis of operations of non-financial companies

Compiled by Commerce Research Bureau

(Rs lakhs)

Name of Company	Borosil Glass Works		Fibreglass Pilkington		Hyderabad Asbestos Cement Products		Shree Vallabh Glass Works		Somany Pilkington's	
Industry Group	Glass, ceramics, potteries		Glass, ceramics, potteries		Glass, ceramics, potteries		Glass, ceramics, potteries		Glass, ceramics, potteries	
	Year ended December		Year ended March		Year ended December		Year ended June		Year ended June	
Item	1979	1980	1980	1981	1979	1980	1980	1981	1980	1981
Liabilities (at the end of the year)										
1. Net worth (i+ii)	254.4	296.5	469.7	497 0	1,037.5	1,357.2	466.0	795.1	147.3	196.5
(i) Paid-up capital (a+b)	149.6	149.6	259.2	259 2	176.7	318.4	180.0	180.0	70.0	70.0
(a) Equity	149.6	149.6	259.2	259.2	141.7	283.4	165.0	165.0	60.0	60.0
(b) Preference	—	—	—	—	35.0	35.0	15 0	15.0	10.0	10.0
(ii) Reserves	104.8	146.9	210.5	237.8	860.8	1,038.8	286.0	615.1	77.3	126.5
2. Borrowings (i+ii)	15.5	22 8	299.7	343.0	538.7	647.2	932 0	1,228.8	37.3	58.6
(i) Long-term	—	—	126.7	95.7	30.5	116.1	573.5	773.5	6.8	—
(ii) Short-term	15.5	22.8	173.0	247.3	508.2	531.1	358.5	455 3	30.5	58.6
3. Non-current liabilities and provisions	25.8	31.5	—	—	2.1	—	—	—	—	—
4. Current liabilities and provisions	254.0	207.3	240.9	246.0	1,363.5	1,563.1	449.6	555.8	124.2	193.5
Assets (at the end of the year)										
5. Gross fixed assets	233.4	247.8	697.5	793.0	1,314.9	1,511.2	1,565.5	2,165.9	262.1	328.6
6. Less depreciation	141.6	145.1	312.1	365.8	684.3	780.4	353.3	401.5	139.2	164.2
7. Net fixed assets (5—6)	91.8	102.7	385.4	427 2	630.6	730.8	1,212.2	1,764.4	122.9	164.4
8. Current assets (i+ii+iii)	457.9	455.4	614.6	648 9	2,310.4	2,664.1	635 4	815.3	165.9	284.2
(i) Inventories	248.9	274.1	361 3	430.0	1,768.1	2,119.5	273.0	349.7	60.4	136.2
(ii) Receivables and loans and advances	120 6	154.1	228.3	201.9	404.3	451.3	340.2	388.9	95.6	91.2
(iii) Others	88.4	27.2	25.0	17.0	138.0	93.3	22.2	76.7	29.9	56.8
9. Other assets	—	—	10.3	9.9	0.8	172.6	—	—	—	—
Total: Liabilities (1 to 4) or Net assets (7 to 9)	**549.7**	**558.1**	**1,010.3**	**1,086.0**	**2,941.8**	**3,567.5**	**1,847.6**	**2,579.7**	**308.8**	**448.6**
Value of production and other income										
10. Sales/income net of excise duty, discounts and selling commission	656.1	809.0	805.0	931.8	5,239.7	5,683.4	1,475 8	2,431.6	459.7	731.6
11. Increase in stock of finished goods and work in progress	59.5	16.7	44.7	32.3	108.0	211.6	−11 8	92.2	−2.0	43.9
12. Value of production (10+11)	715.6	825.7	849.7	964.1	5,347.7	5,895 0	1,464.0	2,523.8	457.7	775.5
13. Other income	13.8	19.2	21.4	15.8	71.0	117.2	84.1	83.5	3.4	4.1
Expenditure										
14. Materials, stores and other mfg. expenses	236.2	304.2	334.3	389.3	3,590.1	3,991.3	833.5	1,536.7	240.9	460.0
15. Current repairs	17.2	42.8	43.9	32.4	36.7	42.6	78.2	67.2	9.8	21.5
16. Salaries and wages	192.1	192.6	161.5	175.4	346.3	336.8	150.2	177.8	50.6	75.6
17. Welfare expenses	6.0	5.4	9.9	11.0	43.6	54.4	2.0	2.3	2.1	3.6
18. Managerial remuneration	—	—	0.3	0.2	—	—	—	0.2	3.3	3 9
19. Other expenses	58.7	65.9	103.9	115.3	665.8	687.9	255.5	318.7	24.7	41.3
20. Depreciation	6.9	4.7	51.1	56.1	63.0	101.5	57.5	48.4	21.4	25.5
21. Other provisions	—	—	—	—	—	—	—	—	—	—
22. Operating profit (12+13)—(14 to 21)	212.3	229.3	166.2	200.2	673.2	752.7	171.2	456.0	108.3	148.2
23. Interest	3.7	1.5	40.0	52.1	90.7	101.4	58.0	92.3	2.6	6.1
24. Tax provision	149.9	155.0	78.2	89.4	330.0	290.0	16.0	—	71.5	92.6
25. Profit after tax (22—23—24)	58.7	72.8	48.0	58.7	252.5	361.3	97.2	363.7	34.2	49.5
Appropriations										
26. Dividends (i+ii)	26.9	29.9	41.5	41.5	38.7	45.8	43.0	37.7	8.4	8.4
(i) Equity	26.9	29.9	41.5	41.5	35.4	42.5	41.2	36.3	7.5	7.5
(ii) Preference	—	—	—	—	3.3	3.3	1.8	1.4	0.9	0.9
27. Profit retained (25—26)	31.8	42.9	6.5	17.2	213.8	315.5	54.2	326.0	25.8	41.1
Total: Value of production and other income (12+13) or Expenses and appropriations (14 to 22)	**729.4**	**844.9**	**871.1**	**979.9**	**5,418.7**	**6,012.2**	**1,548.1**	**2,607.3**	**461.1**	**779.6**
Operational indicators (per cent)										
(a) Net worth/total net assets	46.3	53.1	46.5	45.8	35.3	38.0	25.2	30.8	47.7	43.8
(b) Inventories/net sales	37.9	33.9	44.9	46.1	33.7	37.3	18.5	14.4	13.1	18.6
(c) Operating profit/net sales	32.4	28.3	20.6	21.5	12.8	13.2	11.6	18 8	23.6	20.3
(d) Operating profit/total net assets	38.6	41.1	16.5	18.4	22.9	21.1	9.3	17.7	35.1	33.0
(e) Profit after tax/net worth	23.1	24 6	10.2	11.8	24.3	26.6	20.9	45.7	23.2	25.2
(f) Equity earning/equity capital	39.2	48.7	18.5	22.6	175.9	126.3	57.8	219.6	55.5	81.0
(g) Equity dividend	18.0	20.0	16.0	16.0	25.0	15.0	25.0	22.0	12 5	12.5
(h) Equity dividend coverage. (No. of times)	2.2	2 4	1.2	1.4	7.0	8.4	2.3	10.0	4 4	6.5
(i) Paid-up value per equity share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00	100.00	100.00	10.00	10.00
(j) Market price of an equity share (Rs.)	27.00	33.46	20.50	16.75	N A	N A	362 50	650 00	N A	32.13
(k) Gross yield	6.7	6.0	7.8	9.6	..	..	6 9	3.4	..	3.9
(l) Gross fixed assets formation	3.7	6.2	6.5	13.7	22.9	14.9	94.9	38.4	16.3	25.4
(m) Debt/equity	..	..	0.27:1	0.19:1	0.03:1	0.09:1	1.23:1	0.97:1	0.05:1	..

NOTES: ..Category not applicable ... Amount/Precentage is negligible —Amount is nil N.Q. Not quoted N.A. Not available The profit figures shown in the above statement have been calculated by making, wherever necessary, additions or deductions of various items so as to show the true profit pertaining to the particular year on a uniform and comparable basis. Similar adjustments are sometimes [illegible] due to rounding off.

STANROSE

ATTACHMENTS

Mix-n-match
to attract and
distract. With
Stanrose fabrics
you know how to.
'Coz we're steeped
in today's lifestyle.

For men
and for women.
Stanrose Fashions.

Suitings, shirtings,
sarees, dress materials.

STANROSE
fabrics

Standard
Mills

Mafatlal
Apparel

Surat
Cotton
Mills

everest/81/SM/343

EQUITIES

hart rally

Bombay, February 5

After a consistent fall in equity ices for three weeks, pivotals aged a smart recovery on emer- nce of short-covering and firm ll support at the lower levels st week. The closing rates were most at the week's best levels. ctivity, which was thin at the tset of the week, tended to pick towards the end of the week. ie undertone at the close was rong.

The relatively lower **badla** char- s of about 24 per cent against per cent in the previous two ttlements emboldened bulls to en new commitments. This art, financial institutions, which d opted out of selling since the Ioorat' trading, turned buyers. TI bought MICO and Mukand on and GIC purchased Peico lectronics, Union Carbide and odi Rubber. This also cheered arketmen. Further, the Union overnment's directive to the aharashtra Government to deal rmly with the strike in the tex- le industry in Bombay led to esh support in select textile ares. With the Union Buuget r 1982-83 only three weeks way, the general feeling in the arket is that both bears and ulls are likely to keep their com- itments within the manageable mits.

Century rallied smartly to the eek's high of Rs 978 from Rs 39. The closing was only a shade wer at Rs 975 on scattered pro- t-taking, registering an impres- ve gain of Rs 36. Standard re- overed by Rs 11 to Rs 349, Bom- ay Dyeing by Rs 5 to Rs 74, Fin- y by Rs 8 to Rs 100 and Khatau y Rs 10 to Rs 240. There was fresh selling in Morarjee and implex. Kohinoor, Swan and Tata Iills, however, encountered fresh elling, seeking low levels of Rs 7, Rs 195 and Rs 21 respectively.

Tata Steel firmed up by Rs 25 Rs 360 on marked improvement steel output in January. TELCO rmed up by Rs 40 to Rs 704, PAL y Rs 5 to Rs 361, Mukand by s 2.50 to Rs 32.25 and Digvijay ement by Rs 15 to Rs 220. There as not much activity in ACC hich moved up only by Rs 3 to s 283 on conflicting reports about ie likely retention price. Gwalior ayon hardened by Rs 5.25 to Rs 2 on buying by Calcutta parties. &T was quoted at Rs 54 x.d. mar Dye-Chem, IDI, Tata hemicals, Hindustan Motors, cindia, NRC and Tata Oil ruled eady-to-better. G.E. Shipping

THE WEEK'S PRICE RANGE

(Compiled by
Commerce Research Bureau)

	Closing quotations 31-1-82	High	Low	Closing quotations 6-2-82
CLEARED SECURITIES	Rs.	Rs.	Rs.	Rs.
Textiles				
Ahm. Advances (100)	175.00	175.00	175.00	175.00
Bombay Dyeing (25)	69.00	74.00	68.00	74.00
Central India (50)	50.00	50.00	48.00	48.50
Century (100)	939.00	978.00	935.00	975.00
Dawn (50)	63.00	65.00	62.00	62.00
Elphinston (50)	50.00*	—	—	50.00*
Finlay (100)	92.00	100.00	95.00	100.00
Gokak (100)	202.00*	—	—	202.00*
Gwalior Rayon (10)	56.75	62 00	56.00	62 00
Khatau (100)	230.00	245 00	227.50	240.00
Kohinoor (100)	49.00	48.00	45.00	47.00
Morarjee (100)	195.00	200.00	195.00	195.00
National Rayon (100)	315.00	317.50	300.00	315.00
New Great Eastern (100)	77.00*	77.00	75.00	75.00
Phoenix (100)	38.00*	—	—	38.00*
Podar (10)	7.50*	7.50	7.00	7.00
Shreeniwas (100)	85.00*	—	—	85.00*
Simplex (50)	63.00	64.00	62.00	63.00
Standard (100)	338.00	350.00	332.00	349.00
Svadeshi (100)	168 00	167.00	164.00	164.00
Swan (100)	180.00	180.00	170.00	175 00
Tata Mills (25)	26.00*	26.00	20.00	21.00
Electric				
Ahmedabad (100)	95.00	96 00	94 00	96 00
Andhra Valley (100)	104.00	103 00	102.00	103 00
B.Suburban (100)	126.25	126.25	123.50	125 00
Tata Hydro (100)	108 00	108 00	106.00	107.00
Tata Power (100)	112 00	112 00	110.00	110 50
Steel				
Mukand (10)	29.75	32.75	29.00	32 25
Tata Steel (100)	335.00	360 00	328 00	360.00
Engineering				
Larsen & Toubro (10)	53 25	55.00	51.00xd	54 00xd
Tata Eng. & Loco (100)	664 00	709 00	642.00	704.00
S.L.M. Maneklal (100)	155 00	156 25	153.75	156.25
Voltas (100)	247.00	248 00	245.00	248.00
Walchandnagar (10)	26 00	26 50	25.75	26.25
Dyes & Chem				
Amar Dye-Chem (100)	120.00	125 00	118 75	122.50
Indian Dyestuff (100)	196.00	200.00	186.00	197.00
Polychem (50)	54.00	54 00	49.00	51.00
Tata Chemical (10)	53 75	57.50	53 00	57.00
Shipping				
Great Eastern (10)	32 25	32 75	16 75xr	19.00xr
Scindia (20)	17.50	17.50	16.60	17.25
Cement				
A.C.C. (100)	280 00	285 00	270 00	283.00
Shree Digvijay (100)	205 00	220.00	205.00	220.00
Sugar				
Maharashtra (50)	42.00	48.00	39.00	40.25
Phaltan (50)	31.00	29.00	29.00	29.00
Miscellaneous				
Bombay Burmah (25)	37.00	37.75	37 00	37.75
Hindustan Motors (10)	30 25	30 50	29.50	30.00
Premier Automobiles (100)	356 00	364 00	342 00	361.00
Pre. Construction (50)	119.00	120 00	117.00	119.00
Sirpur Paper (10)	21 50	23 50	21.00	23.50
Tata Oil (25)	58 25	58.75	56.50	58 00
W. Coast Paper (100)	95.00	97.50	95.00	95 00
Wimco (10)	13.50	13.75	13.25	13.50
NON-CLEARED SECURITIES				
Textiles				
Baroda Rayons (100)	425 50	431.00	410.00	431.00
Century Enka (100)	600 00	600.00	565.00	575.00
Garware Nylons (10)	42 00	43 25	41.50	43 25
Gold Mohur (100)	92 00*	—	—	92.00*
Indian Rayon (10)	86 50	92.00	84 00	92.00
J. K. Cotton (10)	14.00	14.00	13 25	13 25
J. K. Synthetics (10)	62 50	66.00	60.75	66 00
Lakshmi Vishnu (100)	56 00	—	—	56.00*
Mafatlal Fine (100)	212 50	211 25	208.75	211 25
Mafatlal Industries (125)	366 25	361.25	350 00	352.50
Modella Woollen (10)	9 25*	—	—	9.25*
Nirlon (10)	38 50	42.00	38.00	41.00

	Closing quotations 31-1-82	High	Low	Closing quotations 6-2-82
NON-CLEARED SECURITIES	Rs.	Rs.	Rs.	Rs.
Textiles				
Raghuvanshi (100)	122 50*	—	—	122.50*
Raymond Woollen (10)	56 00	55.00	54 00	55 00
Reliance Textile (10)	119 50	127 00	118 00	127.00
S. I. Viscose (100)	227.50	250.00	226.25	245.00
Stretch Fibres (10)	9.50*	8.50	8.00	8.50
Swadeshi Polytex (10)	16.25	16 50	16 00	16.00
Electric				
Amalgamated (10)	7.50	8.00	7.75	7.75
Surat (100) ...	100.00	101.00	101.00	101.00
Cement				
Mysore Cement (10)	36.50	36.50	35.50	36.00
Saurashtra Cement (100)	120.00*	—	—	120 00*
Paper				
Andhra Paper (100)	167.50	170.50	167.50	167.50
Bhadrachalam New (10)	13.75	—	—	13 75*
Jayant Paper (100)	135.00	—	—	135 00*
Rohit (100)	215 00*	—	—	215.00*
Steel, metals, alloys				
Ennore Foundries (10)	38.00*	44.00	37.00	44 00
Ferro Alloys (100)	262.50	270.00	257.50	270.00
Hind Aluminium (10)	46 50	48.50	46.25	48 50
Khandelwal Ferro (100)	127 50*	130 00	126.00	126 00
Mahindra Ugine (10)	57.00	61.00	57.00	61 00
Tata Yodogawa (100)	120.00*	—	—	120 00*
Engineering				
Associated Bearings (100)	398 25	402.50	395.00	402 50
Bimetal Bearings (10) ...	28.50	29.00	28.00	29 00
Blue Star (10)	32.75	32.50	31.50	32.50
Elecon Engineering (10)	36.00	37 50	35.00	35.00
Gujarat Steel Tube (100)	300.00	325.00	300 00	320 00
Hindustan Brown (100)	285 00*	292.50	282 00	292 50
Ingersoll-Rand (10) —	140.00	148.00	135.00	148.00
Jyoti (100) ... —	182 50	185.00	176.25	185 50
Kamani Eng. (10)	80.00	81.00	77.00	81.00
Kirloskar Cummins (100)	660.00	667.50	660.00	667.50
Kirloskar Oils (10) ...	24.75	25.50	24 50	25.50
Kirloskar Pneumatic (10)	43.75	44.00	43 00	43.50
Mahindra (10) ... —	55.00	59.00	53.00	59.00
New Standard (100) —	102.50	102.50	97.50	101 50
Sandvik Asia (100) —	355.00	—	—	355.00*
Vulcan-Laval (10) —	31.50	31.50	31.00	31 50
Zenith Steel (10) —	49 50	51.50	48 50	51 50
Cables & Elec.				
Asian Cables (100) —	190.00	190.00	181.25	185 00
Bajaj Electricals (100) ...	170.00*	—	—	170.00*
Crompton Greaves (100)	347.50	350.00	346 25	350.00
Otis Elevator (10) —	29.00	30.00	29.00	29.50
Siemens India (10) —	60.00	61.50	59.50	61.00
Chemicals				
BASF (10) ... —	39.00	39.00	37.50	37.50
Bayer (India) (100) —	192.50	192.50	185.00	190.00
Chem & Fibres (10) —	22.50	22.50	22.00xd	22 00xd
Colour-Chem (100) —	187 50	190.00	182 50	190.00
German Remedies (10)	27.75	27.75	27.00	27 00
Gujarat State Fert. (100)	472.00	524.00	461.00	520 00
Hindustan Lever (10) —	50.50	53 00	49 50	53 00
Indian Organic (10) —	80.50	82.00	29.50	32.00
National Organic (100)	188.00	194.00	185.00	194 00
Pfizer (10) ... —	23 75	24.00	23 25	23 75
Polyolefins Ind. (100) —	307.50	305.00	295 00	302 50
Sandoz (10) ... —	27.00	27.00	25.50	26 00
Synthetics (100) —	82.00	82 00	78.00	80.00
Warner-Hindustan (10)	22.00	21.50	20 25	21.50
Zuari Agro (10)... —	24.00	26.50	24.00	24.50
Miscellaneous				
Bajaj Auto (100)	1425 00	1400.00	1350.00	1400.00
Bombay Oxygen (100)	117.50	117.50	115.00	117.50
Cadbury (10) ... —	20 50	22.25	20.50	22 25
Camphor & Allied (100)	197.50	197 50	190.00	195.00
Ceat Tyres (100)	197.50	205.00	197.50	202 50
Colgate-Palmolive (10)	139.00	140.00	134.00	140 00
Empire Industries (15)	26 00*	26.00	24.00	24 00
Fibre glass (10) —	16.50	16 50	16.00	16 00
Gammon India (10) —	20 50	22.00	20.00	23 00
Hindustan Ferodo (10)	39.00	39.50	39.00	39 50
Hoechst Dyes (10) —	26.50	27.50	26 50	27.50
Indian Hotels (10) —	87.00	87 50	83 00	82 00
Motor Industries (100)	423.75	437 50	413.75	435 00
Tata-Finlay (10) —	12.00	12 50	11.75	12.50

Notes Figures within brackets indicate the paid-up value of shares. xd—Ex—dividend. cd—Cum-dividend. xr—Ex—right. cr—Cum—right.
(a) An asterisk mark after the quotation indicates the closing prices of the last official trading and not of the date indicated in the columns.
(b) The dash (—) in the columns for 'High' and 'Low' means that no official trading in the share had taken place during the perod

BCCI HOLDINGS
(LUXEMBOURG) SA
39 Boulevard Royal, Luxembourg

December 31	Capital Funds	Total Assets
1981 US$	**450 million**	**7,000 million**

BCC Group now has 245 Offices in 50 Countries
(including those of subsidiaries and affiliates)

Subsidiaries

Bank of Credit & Commerce International S.A., Luxembourg.
Bank of Credit & Commerce International (Overseas) Ltd., Grand Cayman.
Bank of Credit & Commerce International (Lebanon) S.A.L., Beirut, Lebanon.
Bank of Credit & Commerce International (Swaziland) Ltd., Manzini, Swaziland.
Banque de Commerce et de Placements S.A., Geneva, Switzerland.
Hong Kong Metropolitan Bank Ltd., Hong Kong.
Bank of Credit & Commerce (Zambia) Ltd., Lusaka, Zambia.
Bank of Credit & Commerce Zimbabwe Ltd., Salisbury, Zimbabwe.
Credit and Finance Corporation Ltd., Grand Cayman.
BCCI Finance International Ltd., Hong Kong.
BCCI Finance International (Kenya) Ltd., Nairobi, Kenya.
Italfinance International S.p.A., Rome, Italy.

Affiliates

Bank of Credit & Commerce International (Nigeria) Ltd., Lagos, Nigeria.
KIFCO – Kuwait International Finance Co., S.A.K., Safat, Kuwait.
National Bank of Oman Ltd., (S.A.O.) Muscat, Sultanate of Oman.
Premier Bank Ltd., Accra, Ghana.
Bank of Credit & Commerce (Misr) S.A.E., Cairo, Egypt.
BCCI Canada Inc., Toronto, Canada.

Creative Publicity/82

Market Gossip

lal Street recovers

OR the past two weeks the Bombay Stock Exchange or Dalal eet as it is popularly called had wn a distinct weakness. Prices pivotals had dropped sizably. It s believed that the uncertainty the eve of the Union Budget was ecting the sentiment in the mar- t. But the opening of new trading count on Friday has seen a ange in the tone of the market. lal Street turned distinctly firm th a number of pivotals showing ndsome gains on sustained bear vering and renewed buying.

Market operators found to their rprise that the carryforward arges in the account that had closed re lower and ranged between 24 d 27 per cent per annum. Sellers Century, Bombay Dyeing and rlon Synthetics attracted back- rdation. There were reports that stitutional investors like Unit ust and General Insurance Cor- ration were active buyers of owth scrips. The market has also w made up its mind that the w Finance Minister, Mr Pranab ukherjee, will present a produc- n and investment-oriented budget. any case it is felt the IMF loan nditions would make the govern- ent adopt a policy of encourage- ent to the private sector.

Most of the group 'A' or cleared ares showed an advance. Century t up the best performance moving to an all-time high on Friday. e scrip rose to as high as Rs 978 fore closing at Rs 975. Tata Steel, ujarat Fertilizers, Reliance, J.K. nthetics, Nirlon, Gawlior Rayon d Larsen and Toubro also gained ound with Bajaj Auto, Bajaj Tempo d Ferro Alloys railying to finish gher.

ecord tea exports

ONTRARY to fears expressed earlier in some quarters, the dian tea industry's exports were record 275 million kg of tea in 81. The exports in 1980 totalled 24 kg and it was as back as in 1956 at earlier highest exports of 237.5 illion kg were recorded. According the Tea Board statistics, the oviet Union, Iraq, Australia and en the USA bought much more a from us last year. New markets were developed in North Africa including a country like Tunisia to which 5 million kg of tea was shipped.

In terms of production also 1981 showed a record performance. It was estimated at 571 million kg, which was the record also in 1980. In the early part of the season till September, there was a shortfall in production of North Indian tea but this was made up during the last three months of the year with a surplus of 10 million kg. South Indian tea, however, was down by 9 million kg. The figures put the North Indian output at 445 million kg, and that in South India at 122.8 million kg.

All this was good. But the Tea Export Promotion Committee appears to be disturbed over the unhealthy practice that is developing among Indian tea exporters of undercutting each other. It is feared that if this practice is not checked in time the unit price of tea would be affected and the total foreign exchange earnings of the country would go down.

Shock for alcohol-based units

ALCOHOL-based chemical units have been upset over the recent decision of the State Government to increase the transportation fee or 'duty' as it is called to Rs 1.25 from 17 paise a litre. The decision is over three months old but the alcohol-based units had not been feeling the pinch of it till recently. According to industry sources, the higher fee has pushed up the manufacturing costs for the industry's products sharply. In case of acetic acid, the increase works out to around Rs 1,500 while in the case of another product, acetaldehyde, it comes to Rs 1,700 a tonne. The industry claims that this hike in manufacturing costs is of the order of 25 to 30 per cent. The units tried to pass on the extra cost of manufacturing to the customers but they have been resisting it strongly particularly because suppliers from other states such as Gujarat, Tamil Nadu and Andhra Pradesh are quoting the same old rates. This, it is claimed, has disrupted the business for the Maharashtra manufacturers. Some of them have reportedly started planning to cut down their output. They are buying less of alcohol from the state distilleries and an unsold stocks with these distilleries have reportedly shown an increase. It is feared that both distilleries and chemical units would suffer in the process unless the government goes back to the old transportation fee of 17 paise a litre.

Reliance's debenture issue

EARLIER in this column it was pointed out that it was significant that the Reliance Textile Industries Limited should be making a Rs 50 crore convertible debenture issue, the largest ever in the corporate history of India, entirely to its own investors. The merchant banking division of the ICICI, managers to the issue, also points out that this will be perhaps one of the cheapest issues. Normally the issue the expenses comes to as much as 10 per cent of the amount of capital to be raised from the investing public. Though this is not a public issue it will attract as many as seven lakh applications from its own investors which will also be the largest number of applications in any issue exceeding even the earlier record created by Reliance in the last debenture issue.

How commodities moved

By Commerce Research Bureau

(Rs per quintal*)

Commodity/Market		*February 6, 1982*	*A week ago*
Groundnut	*(Rajkot)*	470	508
Rapeseed	*(Kanpur)*	450	445
Sesamum	*(Delhi)*	585	585
Castorseed	*(Kanpur)*	315	298
Linseed	*(Kanpur)*	543	528
Sugar	*(Bombay)(a)*	590	595
Cotton	*(Bombay) (b)*	3,975	4,025
Jute	*(Calcutta) (c)*	240	240
Aluminium	*(Bombay) (d)*	1,600	1,620
Copper	*(Bombay) (e)*	3,250	3,240
Lead	*(Calcutta) (f)*	1,230	1,250
Zinc	*(Calcutta) (g)*	1,720	1,760
Gold	*(Bombay) (h)*	1,745	1,760
Silver	*(Bombay) (i)*	2,675	2,675
Caustic soda	*(Bombay) (j)*	584	582
Soda ash	*(Bombay (k)*	242	244

* In terms of 10 gm for gold, kg. for silver and candy for cotton

(a) C-30, (b) CJ-73, (c) W-5, (d) Scrap, (e) Wire bar, (f) Scrap, (g) Hard spelter, (h) Standard, (i) 996, (j) Flakes and (k) Tata.

COMMODITIES

Cotton prices steady

Bombay, February 8

Cotton prices steadied up a bit during the past week on renewed support from some spinners. The sentiment also improved on expectations of a possible settlement of the strike following the appeal by the Maharashtra Chief Minister to the workers to resume duty.

The Second Labour Court has already declared the strike illegal under the Bombay Industrial Relations Act, 1946, and individual mills have already informed the workers that continuation of such illegal strike would leave the management with no other option but to take unpleasant steps like removing the names of the strikers from the muster roll and recruit fresh hands.

Already the production loss per day has been computed at four million metres valued at Rs 4 crores. In a year that has been recognised as production and productivity year, it is clear that the Governments at the Centre and in the States would not allow under-utilisation of capacity in an important industry like textiles on account of any strike occasioned by the entry of a militant trade union leader.

Being the biggest milliowner, the Government itself is fully aware of the consequences of a long-drawn-out struggle. The NTC units are finding it extremely tough going in the face of a pronounced demand recession. In fact, reports from the city wholesale textile markets indicate that the offtake is as sluggish as ever despite the strike. Only a few of the well-to-do mills have been able to find buyers for their accumulated stocks. The canard that the strike is a blessing in disguise for the mills is thus blown to pieces.

In fact, assumming an early settlement of the labour dispute, mills would be hard put to it to resume without a lot of funds. The banks will have to liberalise credit facilities substantially if normalcy has to be restored without much loss of time.

For want of satisfactory sales through its retail shops, the NTC is understood to have decided to close down all the 386 shops under its control, retrenching over 2,200 employees.

Meanwhile, the Government has, by a notification, brought under the purview of the cheap cloth production scheme, cloth with a maximum retail price of Rs 7.31 per metre. The move is expected to increase the availability of cheap cloth to the lower middle class.

The following has been the trend of prices of various qualities of cotton :

(Rs per cand.)

	February 6	January 29
Kalyan	3,900	3,800-3,825
Saurashtra CO2	4,200-4,250	4,150
Sankar 4	4,850-5,250	5,200-5,350
MP Y1	4,350-4,550	4,450-4,600
MP Varalaxmi	4,850-4,950	4,700-4,800
MCU 5 Guntur	4,900-5,000	5,000-5,100
Maharashtra H4	5,200-5,250	5,250

Jute : Sacking reacts

Calcutta, February 8

The Indian Jute Mills Association has rejected the recommendation of the workload committee on jute industry on the ground that the terms of reference of the committee were not what was agreed.

IJMA announced its stand at a tripartite meeting called by the Labour Minister, Mr K. P. Ghosh to discuss the implementation of the work load recommended by the committee. The trade union on the other hand claimed that the terms had been agreed to by IJMA and its withdrawal at a time when the recommendations had been finalised was "regrettable". They demanded immediate acceptance.

The industry, meanwhile, is concerned over the gloomy prospects of jute good exports for a variety of reasons. Export circles point out that freight rates are due to go up from this month. In anticipation, the U.S. buyers purchased heavily in the current season to avoid paying increased freight rates. Shippers have disclosed that even normal orders from the U.S. buyers which are mostly placed in the second half of a month have not been placed during January.

Besides, Bangladesh has made inroads into India's share of the overseas market with its lower prices towards the end of last year. Early in December, Bangladesh secured substantial business by giving considerably lower prices. The demand for jute carpet backing cloth as well refused to pick up and some shippers fear it may even decrease further. The major overseas carpets industries are operating only for four days a week and as a result consumption of jute backing cloth is also small. Exporters point out that the fortunes of the carpet backing cloth have never been as bad as at present. As a result, most of the mills are curtailing production of this item. The slump is the construction activities in the US is the p mary reason for the fall in t demand for CBC as the US ca pet industry is the single m important buyer of the item.

The prevailing financ stringency all over the wor with inordinately high level interest rates has discourag inventory holding. Consequen ly, overseas importers are op rating on a hand-to-mou basis rather than holding, lar stocks. The USSR has also a stained from the market la gely after its bulk purchases the third week of December. purchased 55,000 tonnes th but after that domestic mark went up. However, the pri have again slumped sinc After the Russian business he sian prices went up from 145 per 100 yards to Rs 150 a that of sacking increased fro Rs 420 per 100 bags to Rs 4 in the first week of Januar The sacking price since dro ped to Rs 416.

Meanwhile, production jute mills increased in Decem ber to 97,800 tonnes fro 95,100 tonnes in Novembe However, the stocks with th jute mills declined marginal owing to bulk purchoses by th Russians and some other de patches. According to th Indian Jute Mills Associatio the stocks decreased by 11,3 tonnes from 131,000 tonnes November to 119,900 tonnes December-end. Stocks of sack ing materials with the mills de clined by 9,200 tonnes to 48,2 tonnes and that of hessian 1,700 tonnes to 41,900 tonne Stocks of carpet backing clot also eased by 500 tonnes.

The gunny market rule quiet during the post week re flecting a predominance sellers and consequently price of both sacking and hessia sought lower levels. The fibr market was dull due to restric ted demand from mills and th price of jute was unchanged Rs 231.00 per quintal for W-grade.

Castorseed, oil drop

Bombay, February

Castorseed and its oil drop ped further in the oilseeds mar ket last week due to the ab sence of fresh export inquirie and lower advices fro Ahmedabad and Hyderaba Castorseed Madras small an Kanpur bold lost further Rs each at Rs 312 and Rs 302 pe 100 kg. Castor commercial o declined by Rs 1.50 to Rs 6 and castor BSS oil by a rupe to Rs 73 per 10 kg.

Owing to steady advice fro Rajkot, groundnut Karad bol

BHABHA ATOMIC RESEARCH CENTRE

Transfer of Technical Knowhow

Bhabha Atomic Research Centre, Department of Atomic Energy, Government of India, invites offers on the prescribed forms for the transfer of technical know-how on non-exclusive basis for the manufacture of "Advanced Pressure Electrolyser for Hyderogen/Oxygen Production". The electrolyser incorporates advanced high pressure high amperage electrolysis cell module using porous nickel electrodes. The electrolyser is specially designed to produce ultra pure hyderogen on demand for applications such as chemical processing, vanaspathi plants, manufacture of synthetic gems, semi conductors and plastics, as a cooling medium for large electrical machines etc. Offers from interested parties having fabrication capabilities and workshop facilities backed up by sound financial and other resources will be considered. Other things being equal preference will be given to small scale industries owned and run by techno-entrepreneurs.

Interested parties may write to Chairman, Technology Transfer Group, C/O Chemical Engineer Division, CEL—I, Bhabha Atomic Research Centre, Trombay, Bombay-400 085, for the prescribed forms within two weeks of the publication of this advertisement enclosing a Crossed demand draft in favour of Accounts Officer, BARC for Rs. 15/-.

davp 645 (459)/81

urashtra bold and Saurashtra ality remained unchanged at 575, Rs 580 and Rs 580 per 0 kg respectively. Groundnut , however, looked up by a pee to Rs 139.86 per 10 kg

Palmoleine and soyabean pped back by Rs 2.08 each to 130 and Rs 127.92 per 10 kg hong the imported oils. RBD , however, was quoted Rs 2 higher at Rs 122.72 per kg following demand at the wer level.

Linseed and its oil were weak increased offerings. Linseed ld surrendered Rs 5 at Rs 0 per 100 kg and its oil Rs 08 at Rs 119.60 per 10 kg.

Activity was extremely poor uncertain export outlook for ost of the cakes.

Comparative prices in rupees r quintal of seeds ond per kg of oils :—

	6-2 82	30-1-82
nut Karad bold	575.00	575.00
nut oil	139.86	138.85
ast. Md. Sm.	312.00	318.00
ast. oil com.	67.00	68.50
ast. oil BSS	73.00	74.00
nseed bold	480.00	485.00
nseed oil	119.60	121.68

ea : Fair demand

Calcutta, February 8

At the weekly tea auctions in alcutta the offerings of 25,465 ckages of CTC teas met nited demand. Dooars brons met with very limited pport from the Gujarat buys and the local dealers. There as no enquiry from other ctions and consequently there ere heavy withdrawals. edium Assam brokens found lective enquiry from one of e big blenders, whilst selected tter types were sought after the Gujarat and local buys. The major blender was iet. There was virtually no quiry from other sections. annings met with selective interest from the ARE at considerably reduced limits. There was limited enquiry from the U.K. shippers for better types.

epartment of Atomic Energy
Nuclear Fuel Complex
Hyderabad

CORRIGENDUM

Tender Notice No. E/32/1981 : e last dates for sale and receipt of ders for the Supply, installation, sting and Commissioning of Fume traction system for Zep Expansion Nuclear Fuel Complex, Hyderabad hereby extended upto 16-2-1982 d 2-3-1982 respectively. Tenders such will now be received upto m.,on2-3-1982. Other terms and nditions remain unaltered.

davp 645 (454)/81

The 2,016 packages of Darjeeling offered met good demand with whole leaf grades finding good enquiry from the buyers for Poland with some support from the Gulf and other traditional exporters. These were well absorbed at firm to occasionally dearer rates. Broken grades were well supported by the internal buyers and one of the blenders with very selective export interest. Fannings met with limited enquiry from the local buyers and sold at around last levels.

The 13,438 packages of orhodox teas on offer met with good demand. Whole leaf grades continued to find active interest from the Polish buyers. There was some support forthcoming from Afghanistan, whilst for the cheaper kinds, Punjab buyers operated. The USSR once again did not operate. Brokens continued to meet with useful support from the Polish buyers. The Iraqi buyers also accounted for a nominal quantity. There was no buying on the USSR account. Fannings met with good support from the ARE and the blenders. There was some enquiry from the internal buyers.

The 19,620 packages offered at the dust sale met fair demand with dooars dusts of brownish leaf appearance finding selective enquiry from the internal buyers and consequently resulting in substantial withdrawals. Better varieties, however, met with fair support from the ARE and the internal buyers but prices for these were lower by 20 to 40 paise. Selected best Assam CTC dusts met with fair support from the Gujarat buyers and the local dealers and sold at around last levels. The remainder were lower by 20 to 40 paise with quality. The Gujarat buyers and local dealers lent fair support, whilst the blenders were extremely selective. There was some enquiry from the ARE. The UK shippers were selective for the exportable pekoe dusts. Orthodox dusts were sought after by the blenders and the ARE at lower levels.

Grains mixed

Bombay, February 8

A mixed tendency marked trading in grains in the local market last week. In cereals, wheat ruled firm. The pissi variety firmed up by Rs 8 to Rs 300-315 per quintal. The Sonakalyan variety hardened by Rs 3 at Rs 210-225 per quintal.

Activity in rice was at a low ebb. The Basmati and Luchai varieties of rice were quoted steady at Rs 650-750 and Rs 290-315 per quintal respectively.

Barring bajra all other coarse grains ruled steady. Bajra declined by Rs 13 to Rs 165-325 per quintal. Jowar maintained last week's level of Rs 160-300 per quintal. Barley and maize ruled steady at Rs 138-140 per quintal and Rs 185-190 per quintal respectively.

Among pulses, gram dal spurted by Rs 5 to Rs 370-375 per quintal. Tur dal maintained last week's level of Rs 450-550 per quintal. Moong (chumki) declined by Rs 35 to Rs 340 per quintal. Masoor dal eased by Rs 5 to Rs 450 per quintal. Urad (moglai) was traded Rs 20 lower at Rs 230-240 per quintal.

Sugar eases

Bombay, February 8

Sugar prices in the local market ruled easy during the past week. The price of C-30 grade declined by Rs 5 to Rs 586-594 per quintal. The supply

DEPARTMENT OF ATOMIC ENERGY
Directorate of Purchase and Stores

On behalf of the President of India, the Director, Directorate of Purchase and Stores, Department of Atomic Energy, Bombay-400 001 invites tenders as detailed below :

1. DPS : HWP : ELE : 1259 due on 24.2.82. Multi-core solid copper conductor, HR PVC insulated, extruded PVC inner sheather, copper tape screened, PVC bedded, galvanised steel wire armoured and overall PVC sheathed control cables conforming to IS : 1554-Pt. I and as per tender specification. 18 KM.

2. DPS : BARC : IEE : 4022 due on 12.3.82. Controlled time spray developer unit for developing exposed photo-sensitive coated printed circuit boards as per purchaser's specifications. 2 Nos.

3. DPS : RRC : POL : 131 due on 15.3.82. Expoxy Paints—5300 Litres and Thinner—520 Litres.

4. DPS : BARC : IEE : 4038 due on 22.3.82. Electronic platform balance having weighing range of 4000 gms, readability of 0.1 gm with accessories as per purchaser's specifications. 1 No.

5. DPS : NAPP : PPED : MIA : 60 due on 24.3.82. Temperature Recorders with 6 and 12 points. 11 Nos.

6. DPS : BARC : IEE : 4034 due on 24.3.82. Single Pen X-Y recorder having response time equal to or better than 0.5 sec as per purchaser's specification. 1 No.

7. DPS : BARC : IEE : 3349 due on 29.3.82. Sibata rapid surface area measuring apparatus as per purchaser's specification. 1 No.

8. DPS : BARC : IEE : 4054 due on 29.3.82. A low cost capacitance manometer system for the measurement of absolute vacuum in the range as per purchaser's specification. Two sensors+1 electronic control unit.

9. DPS : BARC : MIA : 15946 due on 30.3.82. Direct Reading pH meter, Digital range 0.00 to 13.99 in .01 pH units, Accuracy ± .01 pH. 3 Nos.

10. DPS : KAPP (PPED) : MTL : 23 due on 31.3.82. Manufacture, inspection, testing, tropical export packing & guarantee of cupro-nickel plates, baffle plates and tie rods & sliding rods as per tender specification. Qty. 394 Nos.

11. DPS : NFC : FUR : 103 due on 1.4.82. Procurement of mild steel sections, submission of detailed fabrication drawings & fabrication of 'U' type storage racks as per drawing and tender specifications. 42 Nos.

12. DPS : PPED : MTL : 24 due on 2.4.82. Manufacture, inspection, testing & supply of aluminium bronze/forged and proof machined bars as per tender specification. Approx. Qty. 27 Nos. to 81 Nos.

13. DPS : AMD : CAP : 537 due on 7.4.82. Petrol Generator of 2.5 KW light weight and portable as per purchaser's specification. 1 No.

Tender documents priced Rs. 10 each for items 2, 4, 6 to 9; Rs. 25 each for items 5, 12 and 13; Rs. 35 each for items 3, 10 and 11; Rs. 50 for item 1 and General conditions of contracts priced 50 P. to all items can be had from the *Finance and Accounts Officer, Department of Atomic Energy, Directorate of Purchase and Stores, 3rd Floor, Mohatta Building, Palton Road, Bombay-400 001*, between 10 a.m. to 1 p.m. on all working days except on Saturdays. Import Licence will be provided only if the items are not available indigenously to all items except items 1, 3, 5, 9 and 11. Tenders will be received upto 3 p.m. on the due date shown above and will be opened at 4 p.m. on the same day. The right is reserved to accept or reject lowest or any tenders in part or full without assigning any reasons.

davp 645 (457) /81

situation was comfortable. The total arrivals during the week total arrivals during the week were 22,327 bags. The weekend stock improved to 3,900 bags. The price of C-30 grade sugar wos lower by Rs 155 per quintal than that on the corresponding date a year ago.

The co-operative sugar factories were reluctant to reduce their prices in anticipation of increase in prices in view of the lower monthly quota.

Khandsari arrivals at 8,770 bags showed marked improvement. The stocks at the close of the week were 3,435 bags.

The tariff value for free sale sugar was fixed at Rs 485 per quintal for February 1982 as against Rs 465 per quintal for January 1982.

HEAVY ENGINEERING CORPORATION LIMITED

(A Government of India Enterprise)

HEAVY MACHINE TOOLS PLANT

(Purchase Division)

HMTP Admn. Bldg. P.O. Dhurwa,
Ranchi-834004

Tender No. PUR/HTP/180936/SC/82: The Astt. Manager (Purchase), Heavy Machine Tools Plant, Heavy Engineering Corporation Limited, Ranchi will receive sealed Tenders for the following materials in his office up to 2.30 p.m. on 2.3.1982:

Steel Castings of weight range 2 to 67 Kg. in rough machined condition leaving 3 to 4 mm machining allowance on all tool points and as per drgs. and specification 22 items. Approx cost. 3.97 Lakhs.

The tender will be opened on the date specified above at 3 p.m. before attending tenderers. The tender documents alongwith Schedule Specification etc. can be had from the office of the Branch Manager, 77-Park Street, Calcutta-16, on a cash payment of Rs. 100/- (non-refundable) or by Money Order. For obtaining tenders sets from this office the tender fee shall be deposited in the form of crossed postal order in favour of HEC Ltd., HMTP payable at Dhurwa The sale of the tender paper will be closed on 27.02.82. The Astt. Manager (Purchase) does not bind himself to accept the lowest or any tender or part thereof and also reserves the right to reject any or all tenders without assigning any reason therefore.

d vp 763(117)/81

Metals quietly steady

Calcutta, February 8

Quietly steady conditions marked trading in the Calcutta non-ferous metals market during the past week as consumer interest remained low with traders displaying caution to extend commitments on the eve of new prices by the Minerals and Metals Trading Corporation. Dealers anticipated small price hike in tin in the light of firmer odvices from overseas markets. Copper had also shown a modest rally on the London market but overall the sentiment remained bearish on LME as consumer demand was subdued.

Upcountry buyers were also cautious and little business was done in primary metals on their occount. The deteriorating in power situation hit small and medium scale industrial units in the state and industrial demand from these was at a low level. Organised sector users seem to be well provided with supplies from the official agencies.

Among virgin metals aluminium experienced continued reistance and little improvement was noted in the consumer offtake according to informed sources. The recent excise relief to the primary stantially changed the metal metal producers has not submarket demand because the metal is still priced higher, inviting strong resistance both in the levy and non-levy sectors, it is stated. According to an industry source, more than 50,000 tons of metal are lying unlifted with producers and the MMTC. Primary metal producers are likely to face serious cash flow problem if the situation does not improve soon. It is stated the state electricity boards are slow in lifting the products from manufacturers of cables and conductors as paucity of funds is still a serious problem with money SEBs.

An aluminium congress held in New Delhi last week tried to focus attention on the problems faced by the aluminium industry. Officials of the industry say that the Government is yet to take necessary follow up action to the recommendations of the aluminium convention held in New Delhi two years ago and the **ad hoc** policy in regard to pricing and other questions like distribution continues to hamper the long-term growth of the industry. Curiously enough, while a lot of hue and cry was made last year about the deficit in aluminium supplies, projected around 100,000 tonnes in 1981-82 the year that has passed by saw sizable stocks piled up with producers and the MMTC at the close.

The retention prices fixed by the Government have left the producers unhappy and the exhorbitant prices charged by manufacturers of the rolled products have left ultimate consumers high and dry. In this situation, intermittent power crises have hit the domestic production causing needless loss of foreign exchage due to heavy imports. The power supply problem in the aluminium sector has not yet been solved, although the crisis has been causing serious production losses for nearly a decade now. It remains to be seen whether the aluminium congress will find long lasting solutions to the problems facing the industry, say industry sources.

Copper ended the week on a bearish note with wirebar softening to Rs 3,425 a quintal Uncertainties caused by the peculation on the MMTC's prices hampered trading operations. Overseas advices indicated a slight recovery on the LME but the underlying sentiment weak. Zinc finished on a slightly improved note and the ingot was fractionally higher at Rs 1,730 a quintal but the worsening power situation hit turn over. Lead was steady at Rs 1,250 a quintal,

Gold erratic, silver up

Bombay, February 8

An erratic trend in gold and a firm tendency in silver marked the trading in the Bombay bullion market during the past week.

Standard mint gold opened at Rs 1,755 per 10 gms and after witnessing ups and downs closed at Rs 1,745 per 10 gms. Ready silver (.999 fineness) opened at Rs 2,660 per kg and rose steady to close at Rs 2,670 per kg.

Money tight

Bombay, February 8

Conditions in the Bombay short-term money market continued to be tight during the week. Interest rates opened at the ceiling level of 10 per cent and maintained this level throughout the week.

Aggregate deposits and bank credit contract

Bombay, February 8

Aggregate deposits of all scheduled commercial banks decreased by Rs 88.09 crores to Rs 43,358.59 crores during the week ended January 29, 1982. Bank credit contracted by 22.14 crores to Rs 29,703.64 crores. The balances of banks with the Reserve Bank of India (RBI) increased by Rs 76.40 crores to Rs 4,665.29 crores and their borrowings from RBI increased by 32.59 crores to Rs 682.35 crores.

DEFENCE MATERIAL & STC
RES RESEARCH & DEVE
LOPMENT ESTABLISHMEN
KANPUR

Tenders are invited from manufa
turers/accrediated Agents, repute
stockists and Dealers by the Directo
DMSRDE, P. B. No. 320, Kanpur-
for the following by 6-3-82 at 1.
p. m., to be opened at 2 p. m. on th
same day in our premises. Quotatio
should be on F. O. R. Kanpur bas
otherwise quotation will not be accep
ed 1. Case No. LP/74/81: CARBON
DI-OXIDE INCUBATOR. Qty
One No. Temperature Range -5°
50°C, Accuracy ± 0.5° C. Stai
less steel inside chamber, size-72-
cms height, 40-45 cms width a
40-45 cms depth. Provided with t
nozzle for admission of co^2 or oth
gases. The inner should have eith
in built or provided with stabilise

NOTE: Your quotation shou
be submitted in two covers one shou
be sealed and should bear our refe
ence and date also due date a
outer cover should be addressed
the Director, DMSRDE, P. B. N
320, Kanpur giving our ref No.
Block letters. In case quotation
found without seal it will not
considered. Also quotation shou
be accompanied by the followi
certificate and validity of your quo
tion must be of 60 days. Failing wh
it will not be considered.

To,
The President of India,
through The Director, DMSRD
Kanpur.

We agree to furnish if requi
supplies/services as detailed in
schedule of requirements or su
portions thereof as you may spec
in the acceptance of Tender at
prices given in the said schedule
accordance with the above con
tions.

I/we agree to hold this offer op
until............ and shall be bou
by a communication of accepta
despatched within the period specifi
above failing which Govt. will ha
right to obtain it from elsewhere
our Cost and risk.

Station ....

....
SUPPLIE

Date ....

davp 686 (250)/

DEPARTMENT OF ATOMIC ENERGY

Directorate of Purchase and Stores

On behalf of the President of India, the Director, Directorate of Pur- ase and Stores, Department of Atomic Energy, Bombay-400 001 invites nders as detailed below :

. **DPS : BARC : IEE : 4037 due on 5.3.82.** Dielectric sealer suitable for elding PVC sheets as per purchaser's specification. 2 Nos.

. **DPS: R-5 : IEE : 175 due on 6.3.82.** Data Acquisition Modules having pander as per purchaser's specification. 4 Nos.

. **DPS : BARC : IEE : 2694 due on 8.3.82.** Temperature controlled uartz oscillators having frequency of 10, 5, 1 & 0.1 MHz as per purchaser's ecification. 3 Nos.

. **DPS : NAPP : PPED : ENG : 289 due on 9.3.82.** Manufacture, in- ection, testing, supply and guarantee of the S. S. tanks (thermal mixer and old up tank) as per drawing and tender specifications. Qty. 10 Nos.

. **DPS : R-5 : ENG : 688 due on 12.3.82.** Lead filling for shield blocks Isotope handling facility, dry storage and fuel transfer trench slabs for R-5 oject as per drg. and tender documents. Qty. As specified in Drg.

. **DPS : NFC : ENG : 482 due on 15.3.82.** Fabrication and supply of w plates for discard separator as per drawing and tender specifications. Qty. Nos.

. **DPS : NFC : ENG : 484 due on 16.3.82.** Casting and supply of cast on fusion pots as per drawing and tender specifications. Qty. 25 Nos.

. **DPS : BARC : STC : 1927 due on 16.3.82.** Boiler Quality Plates con- rming to IS : 2002 Gr. 2A or equivalent in various sizes and thickness. Qty. 9 MT approx.

. **DPS : AMD : IEE : 258 due on 20.3.82.** Thermal printer with spares per purchaser's specifications. 4 Nos.

. **DPS : BARC : IEE : 3179 due on 20.3.82.** Horizontal dipstick type (Li) detector system with preamplifier and amplifier as per purchaser's speci- ations. 1 No.

. **DPS : BARC : IEE : 4042 due on 22.3.82.** Metallurgical microscope verted type for transmitted as well as incident light illumination with micro- ope body as per purchaser's specification. One.

. **DPS : NAPP : PPED : ENG : 292 due on 23.3.82.** Manufacture, spection, testing, supply, delivery and guarantee of the consumable weld serts as per tender documents. Qty. 9,500 Nos.

. **DPS : BARC : PDS : IEE : 84 due on 23.3.82.** Atomic absorption ectrophotometer with recorder as per purchaser's specifications. 1 No.

. **DPS : BARC : PDS : IEE : 85 due on 23.3.82.** A flame spectrophoto- eter as per purchaser's specification. One.

. **DPS : NAPP : PPED : ENG : 295 due on 23.3.82.** Neoprene infla- ble seals for main and emergency airlock for Narora Atomic Power Project per drg. and tender documents. Qty. 54 Nos.

16. **DPS : RRC : CAP : 353 due on 23.3.82.** Battery operated electric forklift truck of counter balanced type. Capacity : 2500 kgs. at 500 mm. load centre as per purchaser's specification. 1 No

17. **DPS : BARC : CAP : 4258 due on 24.3.82.** Centrifugal pump coupled with electric motor with starter. Capacity : 70 cubic metre per hour as per purchaser's specification. 2 No.

18. **DPS : NFC : CAP : 753 due on 25.3.82.** One No. of heavy duty specials purpose Facing and Centering Machine. The number of billets to be faced and centred on either side are 52,500 in 305 mm dia. as per purchaser's specification.

19. **DPS : AMD : IEE : 199 due on 25.3.82.** Residual/partial pressure gas analyser, using the quadropole mass spectrometer principle with accessories as per purchaser's specification. 1 No.

20. **DPS : BARC : MIA : 15941 due on 25.3.82.** Microprocessor based computing system. Qty. 1 No.

21. **DPS : NAPP : ECON : 36 due on 25.3.82.** Design, manufacture, inspection, testing, packing, guarantee and supply of proximity switches as per purchaser's specifications. 380 Nos.

22. **DPS : R-5 : IEE : 158 due on 29.3.82.** Fludized bed temperature bath required for calibration of thermocouples as per purchaser's specifications. 1 No.

23. **DPS : BARC : IEE : 4053 due on 29.3.82.** A portable non-contact type thermal mapping-infrared equipment with all necessary accessories as per purchaser's specification. 1 No.

24. **DPS : BARC : STY : 9238 due on 31.3.82.** Microfiche Reader —Printer with the capability of enlargement on ordinary paper, with a set of consumables and essential spare parts. 1 No.

25. **DPS : VEC : CAP : 227 due on 8.4.82.** High Vacuum Oil Diffusion Pump with pumping speed (air)—2000 l/sec, pumping speed (hydrogen)—3000 l/sec as per purchaser's specification. 1 No.

26. **DPS : HWP : CAP : 633 due on 30.4.82.** Zero leakage Canned Moto Pumps of different capacities as per purchaser's specification. 8 Nos.

Tender documents priced Rs. 10 each for items 3, 9, 14, 17, 20, 22 and 25; Rs. 25 each for items 1, 2, 4 to 7, 10, 13, 15, 19 and 24; Rs. 35 each for items 11, 12, 16, 18 and 21; Rs. 50 for item 23, Rs. 75 for item 8: Rs. 100 for item 26 and General conditions of contracts priced 50 P. to all items can be had from the *Finance and Accounts Officer. Department of Atomic Energy, Directorate of Purchase and Stores, 3rd Floor. Mobatta Bnilding, Palton Road, Bombay*-400 001, between 10 a. m. to 1 p. m. on all working days except on Saturdays. Import Licence will be provided only if the items are not available indigenously to all items except item 20. Tenders will be received upto 3 p. m. on the due date shown above and will be opened at 4 p. m on the same day. The right is reserved to accept or reject lowest or any tenders in part or full without assigning any reasons.

davp 645 (447)/81

The enterprise that was

oncluded from page 304

he one hand he developed his estates sources of supply of indigo, sugar, d silk, on the other he promoted xport and industrial ventures in verse fields such as coal mining, ipping, sugar, salt, tea, newspaper, anking and insurance—some of hich were in partnership with a w British friends under the style Messrs Carr, Tagore and Company. hat he possessed a high order of anagement acumen is borne out by e fact that he organised his own fleet of merchant vessels for export purposes and established the India General Steam Navigation Company to carry the goods from the hinterland to the port and a railway company known as the Great Western of Bengal which proposed a line northwards from Calcutta to Rajmahal, the port of the Indian General Steam Navigation Company on the Ganges. Most of his schemes were brilliantly planned and were fine examples of innovativeness. The few which failed to see the light of day were due to factors beyond his control.

Dwarkanath dreamt of an industrialised and prosperous India. He visualised the British Empire as a racially and culturally heterogeneous society participating in its governance on the basis of perfect equality. These might have been Dwarkanath's idealistic idiosyncrasies, but the lesson that today's Bengalis and, in fact, Indians should draw from the versatile career of this giant is the importance of entrepreneurship.

Beyond headlines

The enterprise that was

By SIDDHARTHA GANGULI

THE Bengali attitude toward business has always not been entirely positive. Even in today's West Bengal, the rate of dowry that a young groom having his own business or engaged in his family business can fetch would be much less than that of a qualified doctor or engineer. Amongst them all, however, the IAS and IPS officers are taking the lead. In a neighbouring state, an IAS or IPS officer is valued at Rs 4 lakhs whereas the 'value' of an engineer and a doctor is Rs 3.5 lakhs and Rs 3 lakhs respectively, a young businessman featuring perhaps the last in the matrimonial hierarchy.

The Indian society of today is guided by security and status rather than by enterprise and creativity orientation. Security and enterprise, of course, do not go hand in hand and, as a matter of fact, they represent two opposite sides of the coin. Security-seekers look for absence of risks and stability while enterprise is characterised by bold risk-taking. Risk-taking is an inseparable part of creativity since all creative pursuits involve the undertaking of some amount of risk by way of suggestion of new things or new ways of doing old things. The need for status in our society is guided by the traditional caste system where an upper caste would generally be reluctant to do the job or get into the occupation of a lower caste. Since *vaishyas* had been the business class in our country, entrepreneurship has come to be associated with the *vaishya* community.

The fact that business leadership can also offer opportunities for intellectual pursuits, power, status, prestige, and social service in the form of generation of employment and national wealth gets lost under our coloured glasses. In contrast, the people of Japan—irrespective of their clan or creed, have one objective and that is to see that the nation prospers. They have a spirit of adventure and patriotism and are prepared to take risks. In India, in general and particularly in the past, the caste system had an important role to play in shaping the attitude of the various communities with regard to different vocations. Thus, there were not many *vaishyas* to be found in the army, nor were there many *brahmins* in occupations other than priesthood, preaching and teaching. Many belonging to the higher castes were, of course, land and property owners and these estates provided the means of their livelihood. A few upper caste men even became prominent religious, social, and political leaders. The *brahmins, kayasthas* and *vaishyas* still aspire to be in administrative and executive positions or to get into professions like engineering, medicine, accountancy and company secretaryship rather than gaining position, power and wealth through business and industry.

As mentioned, Bengal has not been an exception to these socio-cultural characteristics. But the Bengalis, being intellectual and thus liberal by nature, have always accepted people hailing from other parts of the country and also from different parts of the world. They have, therefore, never had any reservation against traders, businessmen and industrialists from other communities. Very few Bengalis have, nevertheless, looked at it as a business opportunity—an opportunity for collaborating with businessmen from other states and learning businessmanship leading to prosperity for the State, nor as an opportunity for catering to the needs of business communities settled in Bengal as well as of those from other parts of the country and the world whose work has brought them to Bengal. Although massive unemployment has, of late, compelled local youth to set up tiny and small enterprises for the purpose of living, medium and large scale business in Bengal has still remained a domain of the non-Bengalis.

Professor Blair B. Kling, an authority on the history of trade and industry in Bengal, suggested that the anti-commercial orientation of Bengalis, as compared with the Marwaris, was partially explained by Marwar's position at the crossroads of the major caravan routes and Bengal's removal from these routes. It was because of their commercial experience, Kling felt, that the Marwaris produced such a vigorous merchant class. Marwari and Gujarati regional cultures assign a somewhat higher place to commerce and to merchants than does that of Bengal.

It requires something more than the Bengali intellectual outlook to take such a positive approach to trade and industry. Dwarkanath Tagore (1794-1846) was perhaps the pioneer amongst the higher caste Bengalis in this respect. While social leaders like Raja Ram Mohan Roy espoused the cause of multi-racial society in Bengal, Dwarkanath was the only one who preached and practised it in the field of business in spite of the severe antagonism that he had to face from his community and even his own family. Non-conformism, innovativeness, courage to break fresh grounds and to transcend narrow casteism or provincialism are the essential hallmarks of true entrepreneurship. Dwarkanath combined all of them.

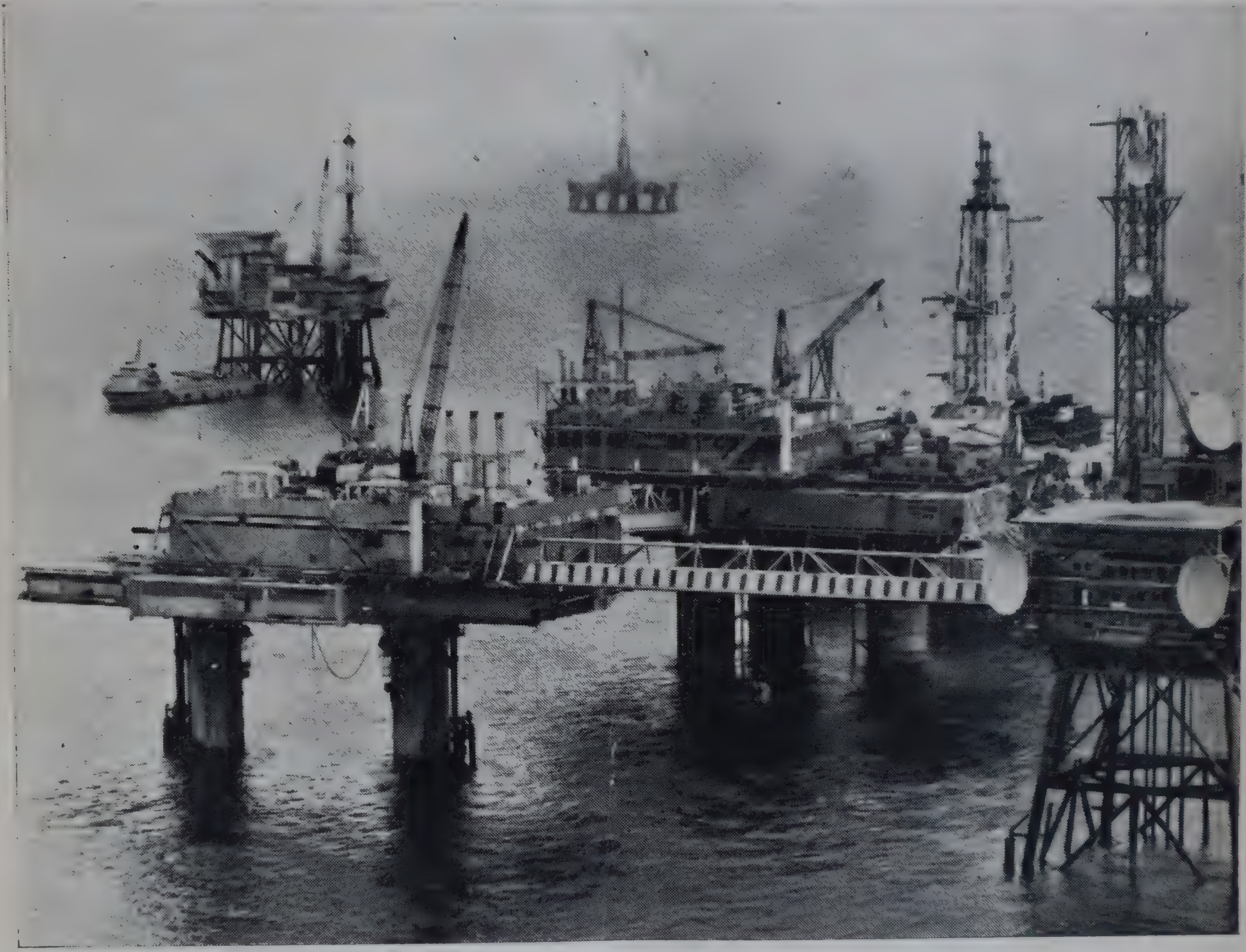
Bengal was not one of the early settlements of the British but it was here that a beginning was made towards building up their trading empire. This also increased the importance of Bengal, culminating in Calcutta's becoming the capital of British India. Professor Blair B Kling, who has recorded the findings of his scholarly research in his recent book: *Partner in Empire* *Dwarkanath Tagore and The Age of Enterprise in Eastern India*, observes that as a result of such close association with the British it was the people of Bengal, particularly the intellectuals, that gained a better insight into the culture, mind and thoughts of the Western world than people from other parts of India. Dwarkanath who belonged to a family of landed aristocracy in Bengal came into contact with the British administrators and merchants, and quickly visualised the vast scope of international and joint stock companies in India. While on

Continued on page 30

Dr Ganguli is managing director of Prex Miniclocks Pvt Ltd, Calcutta

COMMERCE

Vol. 144 No. 3690 Bombay, Feb. 27, 1982.



WIDENING AREAS OF INDO-FRENCH COOPERATION

— A FEATURE

Solar panels of varied sizes for different applications.

Paving way for new era in joint research and development

By JEAN-PIERRE CHEVENEMENT

ADVANCED technology constitutes a vital element of independence and social progress to which both our countries are equally committed, and it is significant that this meeting is taking place less than a month after the reaffirmation by the President of the French Republic and the Prime Minister of India of their determination to strengthen the cooperation between our two countries.

To historians of science India certainly offers one of the oldest examples of the spirit of discovery. It appears that methodical techniques of construction, standardisation of weights and measures and the decimal division of certain lengths date back to the epoch of the Indus Valley Civilisation some 4,000 years ago.

In the *Rig-Veda* itself, there appear remarkable speculations on the evolution of the physical universe. From the 15th century BC up to the Middle Ages, the progression of scientific thought in India resulted in multiple developments to which we owe the numerical system of nine numbers and the zero, as also the unprecedented codification of astronomy and physiology, and the rudiments of algebra.

Numerous are the contributions of your country to astronomy, logic, mathematics, physics and medecine. To gague the magnitude of your technological tradition, one would have to retrace the progress made in the fields of mineralogy, metallurgy and chemistry and it is evident that the works of Raman, Bose and Ramanujam have left an indelible mark on the field of science in this century.

Like India, France has for centuries experienced the aspiration to knowledge in every sphere, the concern for logic and the burning need for liberty—all three factors essential for research. Both countries are rich in the resources of the intellect and they can legitimately consider that their future lies, to use the words of the President of the Republic, Francois Mitterrand, in the exploration of unsuspected resources of intelligence.

It is for this reason that the French Government has decided to increase the effort in this direction by raising the budget for research, which at present represents only 1.8 per cent of the gross domestic product to 2.5 per cent in 1985. The total amount will thus be raised from 53 to 80 billion francs, that is to say, approximately Rs 12,000 crores. A new impetus will be given to the key sectors on which the future depends such as electronics, computer science, biotechnology, new energy sources, space research, robotics, mechanical engineering, agronomy and scientific and technical cooperation with developing countries. I understand that the Government of India has also accorded the same priority to most of these sectors for development along parallel lines.

There is a similarity in the tradition of our two countries and we both have the same scientific and technical priorities and share the same political aims.

India and France can jointly play a more important role in world politics as they have both chosen the same political path. Both believe in the necessity of bringing about a rapprochement between the people of the North and the South, of laying strong emphasis on the problem of development and of striving towards the reduction of East-West tensions and the disappearance of different blocs.

Never before have conditions been so favourable for joint Indo-French action. The friendship between the two nations equally committed to socialism and liberty, the determination of the two governments to cooperate more extensively, the similarity of technical choices, are all factors which will pave the way for the dawn of a new era in Indo-French relations in the field of research, development and industry.

The importance of this symposium is apparent in the present-day world where international crises, the rapid growth of world-wide competition and the social risks which they imply, render rapid progress indispensable. Hence the need for a more intense cooperation in those sectors which will constitute the driving force of the economy of tomorrow. In this respect, I think that the three principal themes are particularly relevant. There are few sectors of research that have succeeded, as rapidly as *space research*, in achieving technical advancement resulting in economic progress: telecommunications, direct television, radio-broadcasting, teledetection and meteorology are just a few examples.

It is obvious to all that we must reduce our dependence on *energy* by exploitation of petrol and gas, by the utilisation of renewable sources and the rational use of energy. As for industrial processing and *production equipment*, they represent an essential means for raising productivity, improving the conditions of work and finally of increasing employment on a macro economic level.

Excerpts from the address by Mr Jean Pierre Chevenement, French Minister for Science and Technology, to the Indo-French symposium on Advanced Technology held in Bombay in December 1981

ON OTHER PAGES

Solving world energy crisis: Contribution of India and France (Pierre Desprairies) 3

The French solar energy programme (Y. Peyrache) 7

Offshore oil exploration: What France can offer (M. Jean Roret) 11

Role of ASTEO in oceanic exploitation (M. Jacques Pierre Duport) 15

Time division telephone exchanges in rural and semi-urban areas (M. Bernard de Montgolfier) 19

Introducing

The Superswitch® range of Thomson–CSF. A family of switching transistors and diodes. Now available in India through Meltron.

Meltron now makes available to the Indian industry a complete range of sophisticated Semiconductor Devices and other components against AUL/OGL.

The highlights of this range are:

1. Superswitch® range of Transistors and Diodes for use in switch mode power supply exceeding 1KW, Invertors, Convertors, etc.
2. Transient Voltage Suppressors "TRANSIL" for high surge capability
3. Schottky Diodes for extremely fast switching and for replacing Germanium Diodes
4. Temperature Compensated Zener Diodes
5. Microwave Components like Semiconductors, MICs, Ferrite Devices & Materials, Optical Components and other Passive Components
6. Space qualified components
7. Integrated Circuits—Consumer Audio & TV Circuits, Operational Amplifiers, Voltage Regulators & Comparators, Special Circuits, Mos Micro Processors Memories, etc.
8. Crystals and Crystal Oscillators
9. Discrete High Power Semiconductors—Power Diodes, Fast Recovery Rectifiers, Invertor Grade Thyristors, Darlistors, Triacs & Alternistors.

THOMSON-CSF components group, one of the world's largest component producer, also has a complete range of Passive Components to offer. This range includes Connectors, Reed Relays, Reed Switches, Plastic Film Capacitors, Commutator Capacitors, Ceramic Capacitors, Ferrites, Delay Lines, Semiconductor piece-parts, etc.

For technical details and prices, please contact:

Maharashtra Electronics Corporation Limited

Plot No. 214, Backbay Reclamation,
Raheja Centre, 13th floor,
Nariman Point, Bombay 400 021.
Telephone: 240538
Telex: 011-6817 ME
Cable: MELTRON

7A, Hansalaya, 15 Barakhamba Road,
New Delhi 110 001.
Telephone: 40641
Telex: 031-2815 MELN

55, Rama Nivas, 10th Cross,
West of Chord Road,
II Stage, Bangalore 560 010.
Telephone: 80772

THOMSON-CSF

MELTRON
Meeting the challenge of tomorrow.

CHAITRA-ME-175

olving world energy crisis:

Contribution of India and France

By PIERRE DESPRAIRIES

THERE is at present throughout the world a tendency to believe that we have finished with the energy problem and that the risk of further increases in the price of oil miraculously disappeared. If some among us should entertain such an opinion, I would like to convince them that this is an illusion, and a dangerous one for all of us.

Since the beginning of 1981, oil prices have ceased to rise on the world market, production has slowed down and that of OPEC in particular has fallen by 25 per cent in one year. Does this mean a structural change in the situation, or is it just a temporary phenomenon? The reply to this question is the subject of much controversy, and it is one of primary importance for all the citizens, companies and governments of all the countries of the world, both those that produce and consume energy. For energy constitutes a share of their GNPs and foreign expenditure that is always large and sometimes crucial. This is especially so for the developing countries, where purchases of oil absorb 50, 60, or even 70 per cent as in India, of export income.

Some people think that oil prices have stabilised for many years to come. Others even think they will fall. The Hudson Institute estimates, for instance, that the price of $ 34 per barrel could drop to $ 20 at 1981 values in four years' time. In their opinion, we have in 1981 crossed a historic watershed in world energy-price trends.

Their reasoning goes more or less like this: world growth has durably slowed down and with it the demand for oil. The price rise has stimulated renewed exploration. Coal production has been encouraged. Profound changes are taking place in habits, equipment and consumers, and they will permit growing savings of energy. Some of the figures for the last two years are very encouraging. In the European Common Market, for example, the GNP grew by 1.3 per cent between 1979 and 1980, while energy consumption fell by 4.5 per cent. It will not be long before competition reappears between the OPEC countries, especially when Iraq and Iran begin production again.

This opinion seews to me highly questionable. One swallow does not make a summer. The fall in consumption and in oil prices is chiefly due to the current economic situation: the rise in oil prices, which have multiplied by 2.5 in two years, is slowing down consumption, and also economic growth, which has fallen from 3 per cent in 1980 to less than 1 per cent in 1981 in the industrialised countries. The high cost of credit has led the oil companies to run down stocks considerably since the summer of 1981; for with an interest of nearly 20 per cent to pay, it costs $ 10 to keep for a year a barrel of oil that is worth $ 34. And lastly, Saudi Arabia has been flooding the market for seven or eight mouths to bring about a reunification of oil prices.

Real change

Has there really been a structural change in consumption? For this there would have to be a real change in habits and in equipment. This is true for a very limited part of these.

For example, for energy saving, both in Europe and the United States, there has indeed been a slight drop in the number of miles driven each year, and a slight decrease in the temperature to which homes are heated, but the public has not given up massive use of the private motor car, or road transport for goods, or winter sports or long-distance tourism, etc. The effort to insulate houses has at best been limited to sealing a few windows: small cars are only just beginning to appear on the American market; and it will take ten years for the whole car population to be renewed. Indeed there are exceptions: oil refineries in Europe have made a serious effort to reduce consumption, as has the Japanese steel industry; but in 80 to 90 per cent of cases, the equipment for using energy—houses, factories, vehicles—is the same as in 1973.

As for conversion to coal, this is still on a modest scale: cement plants and a certain number of electric power stations have converted from fuel oil to coal, since there was an obvious advantage in the conversion, and the period for amortising the investment was very short. And as for the building of considerable numbers of nuclear power stations, this is a phenomenon specific to France.

Secondly, there is a danger that the economic slowdown and the stabilisation of oil prices will impede the movement, hesitating as it is, towards investment in energy saving and conversion: the public and industrial companies are likely to postpone such efforts because their financial resources will have been diminished and they will no longer have the incentive of rising oil prices. Billions of dollars and ten to twenty years will be necessary worldwide for houses to be properly insulated and capable of being heated by electricity; for boilers and furnaces in factories to be replaced; for producing cars and trucks that consume half as much as today to cover the same distance.

Can we expect these ten or twenty years to go by without a rise in the price of oil and energy? It is not very likely. As long as equipment is not modified, economic recovery will be accompanied by a rise in energy consumption and this will be very largely of oil — or gas — since you can only burn fuel oil or gas in a fuel oil boiler.

If oil consumption starts off again, world oil production will not follow suit It will level off for a long time ahead at around 3 to 3.5 Gt a year, because discoveries of very large fields are becoming

---

Mr Pierre Desprairies is chairman of the board of the Institut Francais du Petrole and honorary chairman of the Energy Section of the symposium.

rarer and rarer — the big rake-in of the last thirty years pulled in most of the big fields, which today provide ¾th of world consumption. The discoveries of the last fifteen years, though numerous, have been small or medium in size. The concentration of 70 per cent of world exploration efforts (excluding the socialist countries) on the exhausted territory of the United States only aggravates the situation. Moreover, whereas there seems to be a technical potential of up to 4 or 4.5 Gt/year for the world as a whole, the governments of the producing coun- would today like to prolong the life of their reserves in order to become industrialised over two or three generations without creating social, religious or political disorders such as those that set off the Islamic revolution in Iran.

And yet, world economic recovery would appear to be a necessity: if growth established itself at between 1 and 2 per cent, unemployment in the industrialised countries would rise to levels that would cause serious social or political problems. In the developing countries, such growth levels would lead to a tragic fall in living standards, due to the fact that the population is growing at around 3 per cent year.

Effects of economic growth

In July 1981, IFP did some calculations for the period 1980-90, to examine the effects of the economic growth rate on energy consumption. Since the average time required for implementing investment for the production and consumption of energy is around ten years. it is relatively easy for us now in 1981, by examining the programmes already decided or shortly to be decided for the oil, gas, coal and nuclear industries and for energy saving, to see what can be achieved by 1990.

If economic growth does not exceed 2 per cent in the industrialised and socialist countries (and 3.5 per cent in the developing countries), which implies the serious difficulties I have just mentioned, the energy market should become more or less stabilised, and oil prices would be unlikely to rise during the present decade. For the producing countries, there would be a risk of competition among them.

If economic growth is 4 per cent in the first group of countries and 5.5 per cent in the developing countries it is virtually certain that oil prices will rise, even if coal, nuclear and energy-saving programmes are vigorously pursued. Oil demand from OPEC would in this case exceed the technical limit of production capacity: it would be 2 Gt/year, whereas the ceiling for technical production capacity is at present estimated at 1.7 Gt. For example, the production of Saudi Arabia would have to rise durably to 700 Mt/year, and this seems hardly realistic. All in all, it is hard to conceive that the OPEC countries as a whole would agree to keep their production permanently at their maximum technical capacity.

If growth is 3 per cent in the first group and 4.5 per cent in the second, either energy redeployment is pursued with vigour, in which case the oil market will be in balance; or energy redeployment will remain at the lower level — which is unfortunately what tends to be happening today — and in that the price of oil just as with an economic growth of 4 per cent.

However, there is no reason why we should not opt for the optimistic hypothesis of a reasonable growth of 3 per cent, accompanied by investment in redeployment at a sustained rate: such a situation would offer the triple advantage of ensuring equilibrium on the oil market, facilitating dialogue between the oil-producing and oil consuming countries, and providing progressively for the replacement by other energy sources of a fossil resource that is becoming rare throughout the world.

Under this hypothesis, Saudi Arabia would continue, much more than OPEC as a whole, to play the role of arbiter, and would ensure balance between supply and demand on the oil market.

She would no doubt do this in the same spirit as today, either in the context of a long-term energy strategy, which would in fact be extremely difficult to draft in precise mathematical terms into a formal agreement, or she would more probably adopt a simpler method, by varying the level of her supplies to the market to keep prices within a certain limit of moderate increases. Arabia would probably try to protect her own interests in the long term, and be simultaneously faithful to her two international allegiances: that which binds her to the consuming countries of the Western and Third World leads her to do all she can to prevent sharp rises like those of 1973 and 1980 which threw the world economy into disorder. Her other allegiance, which is just as strong and which binds her to the Arab and Muslim oil-producing countries, whose oil revenue is essential for their development, makes her at least prevent prices from falling in real terms. Thus, in all probability, Saudi Arabia will seek to protect the value of a barrel of oil, and to increase it moderately when the world economy can bear such an increase. It is hard to conceive that this country, whose scope for manoeuvre is so large, and which has 25 per cent of world reserves and 40 per cent of OPEC's reserves, will allow the real value of the barrel of oil to fall significantly below its present level, and thus run the risk o dangerous isolation within OPEC and among the Arab nations.

Thus, if we rule out the hypothesis of prolonged economic depression, a great deal of energy and a great deal of oil will be needed to bring about economic recovery.

This is particularly true of the developing countries, for several reasons :

Numerous developing countries are in the course of industrialisation. For them, economic growth demands much more energy per percentage point of GNP gained, about half as much again on the average, for this industrialisation means the building of plants that are heavy consumers of energy: heavy industry, steel-making, metal-working, cement-making, refining, chemicals, etc. Let me cite one significant example among many: 90 per cent of the increased consumption of cement by the year 2000 in the world will be accounted for by the developing countries.

The following is a rough picture, but one that is fairly close to the fact, of the way oil consumption will develop between now and the year 2000, assuming an average growth of 3 per cent total world consumption will remain stationary or rise slightly to about 3.5 Gt/year. In the industrialised countries of OECD, it is likely to fall; in the socialist countries to increase slightly; and to rise by 4 to 5 per cent per year in the developing countries, in parallel with their economic development.

This changed emphasis in oil consumption from the rich to the developing countries has been apparent since 1973. Between 1975 and 1980, oil consumption increased on the average only in the industrial countries by 0.5 to 0.7 per cent per year. On the other hand it rose in the developing countries by 5 to 7 per cent a year, namely ten times as fast. During these same five years, the share of the industrialised countries in world consumption of oil fell from 79 to 75 per cent, whereas that of the developing countries rose from 16 to 21 per cent.

Period of transition

The growth in the energy needs of the Third World will of course continue in a large degree to be furnished by wood and biomass, and by the end of the century the new or renewable energy sources (especially solar energy) will be beginning to provide a significant amount. However, only hydroelectricity will supply a major share of the new energy needs, in various privileged countries that can use electricity to transform mineral ores.

However precious the new energy sources are for us, and however necessary are the efforts that their development requires, it is probably that in most of the developing countries oil will continue to be of primary importance, seconded by natural gas where this exists. As was strongly emphasised at the Nairobi conference, the next twenty years will be for these countries a period of transition towards the new energy sources, during which oil will be consumed heavily:

Already in numerous countries, the forests can no longer keep up with the growth in wood consumption. Resources are limited by deforestation: the world's forest capital is shrinking every year by 15 million hectares—the equivalent of the whole of France's forested area, which is the largest in Europe. Better use of wood by the development of simple rustic cooking stoves could multiply by three or four the energy yield of wood: this is a major change whose desirability should be obvious. Unfortunately, though the investment involved is negligible, it will need a considerable information effort to change the habits of centuries, and this will take time. Similarly, reforestation is essential, but no significant results can be seen before 20 or 30 years.

The difficulties of survival in rural zones and the search for work will encourage indiscriminate and rapid urbanisation (shanty towns) in almost all the countries of the Third World. Here, still more than in the villages, recourse to the use of oil products is inevitable in many countries, in view of the cost and growing scarcity of charcoal. Agricultural development and higher living standards will call for fertilisers made from natural gas. Tractors, trucks and engines using diesel oil will be needed. It is true that these could be replaced to a large extent by engines powered by gas generators, though this would take some investment, which though highly desirable would take many years.

Except in countries that have hydraulic or coal resources, industrialisation will be largely based on imports of heavy fuel oil; this will probably be abundant and cheap in forthcoming years, in view of the slow rate of transformation of refining installations and the competition provided by coal and nuclear electricity in the industrialised countries with this energy source.

Articulated drilling mast

We must lastly remember that in a very general manner the Third World countries have a larger share of oil in their overall energy consumption patterns than the industrialised countries, since they have neither electricity nor gas networks, and because petroleum in the form of heating oil, kerosene, gasoline or liquefied gas is their basic energy for lighting, cooking and transport.

Thus, in the next twenty years, conventional fossil energy sources will contribute to the energy supplies of the Third World in substantial proportions, which are unlikely to undergo any basic change.

I should, however, draw attention to the growing share likely to be accounted for by natural gas in numerous developing countries. Large quantities of it remain to be found, the high cost of its transport makes its use on the spot much more remunerative than its export, and it has numerous and easy uses as a source of energy and as a raw material for petrochemicals manufacture. Natural gas will probably help to maintain, in many Third World countries, the balance between renewable and fossil energy sources in favour of the latter.

Emphasis changed

In 1981, the parliamentary majority and the government changed in France. This led to a different emphasis in energy policy, with the decision to put less money behind nuclear energy and more behind energy saving and coal. However the objectives and main lines of this policy remain unchanged.

India probably has good chances of discovering significant reserves of oil and gas, which it is to be honed will satisfy a large portion of her needs in the future.

French techniques for offshore drilling and production and for the enhanced recovery of crude oil are in the forefront of what is currently being done anywhere in the world, because our country is lacking in energy resources and it has had to make a very great effort to reduce this handicap. Our techniques are the fruit of thirty years of hard work and trials, both in France and in scores of other countries. They can be of signal help to the great Indian sub-continent in aiding it to discover its hidden wealth and to extract from its land and the sea that surrounds it the maximum of what they can produce.

The sun is also a wealth of which India has virtually unlimited resources, much greater than those of our country. In this field also, I think I can say that France is in the vanguard of technology. The experience that can be acquired in India can contribute much to the advance of this technology.

Cooperation is not a one-way affair. In the field of new energy sources just as in that of fossil energy, India has manifested itself brilliantly since the War in the area of operational calculus, engineering consultancy and industrial technology, and she is bound to find new fields of expertise. Both separately and together we must improve and develop original processes and techniques, make new forms of equipment jointly, produce services and sell them in other countries, as we have set out to do in the field of oil.

FEDERAL BANK
MAKES FIGURES SPEAK–

Deposits 1971 Rs. 9 crores
1981 Rs.197 crores

Employees 1971 701
1981 3500

Branches 1971 75
1981 305

Phenomenal all-round growth over last 10 years.

Prompt, efficient service, brings its own rewards. It secures the trust and confidence of the people it serves.

ASP-FB-8202

Banking efficiency at its best

THE FEDERAL BANK LIMITED Regd Office Alwaye, Kerala

With Best compliments from:

BUREAU VERITAS

International Register for Classification of Ships and Aircraft
Inspecting Authority for Industrial Equipment and Buildings

Head Office:
Rue Henri Rochefort, 31,PARIS – 75. 821
Tel: 766 — 51 — 05

Central Office for India:
Nirmal Building, 14th Floor
Nariman Point, BOMBAY- 400 021
Tel: 231466 / 233097

Since its establishment in 1828, **BUREAU VERITAS** has devoted its activity to the intensification of safety for persons and goods in very diversified fields, throughout the world.

The French solar energy programme

By Y. PEYRACHE

THE objectives of the French energy policy, undoubtedly dominated by the growing penetration of nuclear power, nevertheless assigns a significant role to the whole spectrum of renewable sources of energy, amounting to about 5 per cent of our needs by the year 1990, and certainly 7 to 8 per cent by the year 2000.

These relatively small percentages are by no means irrelevant. In absolute terms, they represent an oil equivalent of some dozen million tons replaced by 1990, and nearly twice that in the year 2000. These are the same orders of magnitude of the contribution of nuclear power at the outset of the 1980s. If, as some countries do, we include another more traditional form of renewable energy, which is moreover solar, namely hydroelectric power, this adds another six percentage points, making a total of 13 to 14 per cent of our needs in the year 2000.

Returning to energies that were recently "rediscovered", namely solar, wind and biomass energies, one cannot help being struck by the specificity of their energy "value", a specificity that imposes a close correlation between the resource and its use. Unlike oil, which can be applied at will to literally any energy application, direct solar energy is ideal for low temperature applications; firewood is often used in a short circuit; manure methanization demands local use. As a rule, these energies, like geothermal energy, cannot be transported. On the other hand, their local availability encourages the process of energy decentralisation.

Aims of COMES

French policy in this area is currently focused on two principles: on the one hand, the rapid development of systems capable of providing a significant contribution to our energy needs in the medium term; on the other hand, the maintenance in France of a high research potential, which has placed it in the past two decades in the front rank of the world's solar nations.

Top priority is essentially assigned to solar energy applications in low temperature heating and the energy utilisation of our poorly worked forests and our agricultural wastes. Next in line are fields that are rather promising, but still far removed from mass distribution, such as photovoltaic or thermodynamic conversion of solar energy, and the longer term investigations into new applications of biomass.

Solar heating

First, solar energy is used to heat water, water in swimming pools, and especially domestic hot water. This is the most obvious application of solar energy: some fifty open-air swimming pools have been equipped accordingly, in the past two to three years. Financial amortisation has been excellent, and these units will pay for themselves within three to five years, depending on the level of insolation.

Solar domestic hot water is already in widespread use: 60,000 families are already equipped with this system, and short-term forecasts indicate a ten-fold increase within five years. By 1985, the solar water heater should achieve a rate of penetration of about 25 to 30 per cent in few construction, and also find its way into a few tens of thousands of rehabilitated housing units. With effect immediately, the main building organisations have agreed to equip at least 10 per cent of their new programmes with solar hot water, and one of them has actually reached a proportion of 15 per cent. This means two million housing units equipped by 1990, or a contribution of about 700,000 tons of oil equivalent (toe).

But the royal road is obviously indoor heating, which constitutes a huge untapped "reserve", because it corresponds to nearly 60 million tonnes each year. The targets in this sector are well known, namely to cut consumption of new housing units by half in 1985, in comparison with 1980. Undoubtedly this will be largely achieved by super-insulation, by the recovery of heat in ventilation, systems, and by heat pumps. However, to the extent that consumption will decline, the relative importance of "free solar contributions" will increase. This highly ambitious programme thus implies the nearly compulsory recourse to "passive" solar architecture, varying in degree with the possibilities offered, but always present. A bioclimatic architecture can conserve 30 to 40 per cent of energy consumption, and even over 50 per cent in a small number of instances. This means that the experimental programme launched in 1980, the success of which is an accomplished fact, already foreshadows what may be anticipated in the post-1985 period, with a solar contribution exceeding one million toe around 1990.

Use of firewood

From 3 million toe in 1979, the contribution of firewood to our energy balance will go beyond 4.5 in 1985, and approximately 6 in 1990. This means that from 1981 to 1985, an additional 300,000 toe will be obtained each year from firewood. Activities have been initiated that are designed to favour the use of firewood, in individual and group heating systems. Since October 1979, Agence pour les Economies d'Energie (AEE — French Energy Conservation Agency) extends financial aid of 400 francs per ton of oil equivalent replaced.

The main objective of the energy policy must be to mobilise and to expand firewood resources by:

(i) an inventory compiled by region and a better knowledge of consumption patterns, by means of decentralised surveys,

(ii) increased mechanisation, designed to improve wood collection conditions and especially coppices,

(iii) expanded resource by research on forestry production, particularly quick-rotation stands.

Added to this programme is the increasingly frequent use of the combustion of agricultural wastes (straw, maize cobs), of which unused surpluses represent a theoretical potential of several thousand toe. Apart from domestic heating requirements, these by-products find applications in a short circuit, in farm co-operatives, for drying grains and forage.

Replacement fuels

Hitherto oil has maintained a monopoly in the field of fuels. A programme aimed at partly replacing petroleum fuels by products of non-petroleum origin is currently under way. It consists of authorising the mixture of alcohols with petrol, and of stimulating the technical developments that are indispensable for the production of growing amounts of alcohols from biomass, coal, and even natural gas.

In the current state of investigations, these three primary sources allow the preparation of methanol at costs which approach those related to traditional fuels. The ligneous biomass, and particularly wood lends itself to this process by gassification with oxygen followed by

---

Mr Peyrache is Deputy Director, International Relations Division, Commissariat á l'Energie Solaire (COMES) the synthesis of methanol. Technical developments initiated in 1980 should culminate by 1981-82 in the design of demonstration units.

Specifically biological systems, derived from the fermentation of sugars or starch, have not been ignored. The use of alcohol generating plants, such as Jerusalem artichoke, beets and sweet sorgum, is highly promising. Fermentation can produce a mixture of heavy alcohol (butyl alcohol) and acetone, whose properties are fairly comparable with those of petrol. In addition, these products can be used to improve the stabilisation of petrol/methanol mixtures.

Ethyl fermentation appears today to be less profitable and a bigger energy consumer. However, investigations are currently under way to develop better performing processes.

In the first experimental phase extending to 1985, modest amounts of alcohol will be introduced into petrol up to maximum proportions of 10 per cent. This will allow the use of present-day vehicles subject to minor adjustments. Mixtures richer in alcohol will only be planned in a second phase, because this will require the adaptation of vehicle engines to these new fuels, as well as the establishment of new distribution circuits.

Other applications of biomass

COMES has already launched a number of experimental operations, usually of considerable size, designed to use animal excreta produced by cattle, pigs and poultry. The largest operation concerns a 20,000 animal pig breeding farm. The methanisation of these wastes simultaneously solves problems of environmental protection. To enhance the penetration of these techniques, especially in smaller farms, COMES launched a call for bids jointly with the French Ministry of Agriculture and the ANVAR, aimed at industry, to develop suitable models at acceptable cost. The use of manure gas in a short circuit, especially to heat domestic and farm premises, and for the drying of harvests, can be expected to find interesting outlets and contribute several hundred thousand toe to our energy balance in the 1990s.

Finally, interesting experiments are currently being conducted on lorries, designed to make them run on wood-burning gas generators. Diesel consumption on motorways can be cut to one-fifth, with the gas generator supplying the balance. Three kilograms of wood can thus replace one kilogram of diesel. Jointly with lorry manufacturers, it is planned in 1982 to expand the number of experimental vehicles, in order to gather sufficient data for the subsequent proliferation of this propulsion method.

Systems under development

Research development and experimental programmes in France have turned the country into the world's second ranking solar power. Their results will condition the increased reliance on renewable sources of energy from now until the end of the 1990s, and certainly beyond. Hence they are essential for our future.

The solar thermodynamic system

The French programme is proceeding on schedule:

(i) The Themis tower type power plant, with a power capacity of 2 mwe, built at Targasonne, will be commissioned and coupled to grid in November 1981. Its total cost is 120 million francs.

(ii) The Eurelios tower type power plant, with half the power capacity of Themis, part of a programme conducted by the EEC, in which France contributes one-sixth (10 million francs) has been completed. Tests will be performed throughout the year 1981.

(iii) The Corsican power plant, with a power capacity of 100 kwe, with acceptance tests planned for summer 1981, is being built without any major problems.

(iv) As part of the THEK programme (construction of parabolic collectors), prototype qualifications are under way, and an industrial heat application programme is in preparation.

Photovoltaic conversion : This field, in which France excels, is the subject of an industrial growth plan that calls for backing from the authorities at all levels: research, development, industrialisation, investment and marketing, in which COMES is joined by the French Directorate of Electronic and Data Processing Industries of the Ministry of Industry and the ANVAR. It recently favoured the concentration of French industry in the face of growing foreign competition, by creating an entity of international size.

Henceforth French industry, both in the manufacture of photovoltaic modules and the marketing of complete systems, assures us of a solid second place worldwide, epecially in exports to developing countries.

The objectives of the photovoltaic plan include a considerable rise in production, a concomitant cut in prices, and an increase in the number of uses of this technology. It is hoped that prices will fall in 1985 to one-fourth of their current value, from 55,000 to about 13,000 F per kw-peak. Highly active investigations conducted in the universities and in industry are aimed at new processes that will cut costs even further.

Wind energy : Research and investigations are continuing into large wind generators. Industrial firms are also busy developing low power wind generators, at reasonable cost, in order to solve electric power supply problems in isolated, wind-swept locations. Experiments have also been started on the applications of wind energy to domestic heating.

Biomass research : A vast research programme is being implemented hand in hand with activities under way and planned. They are concerned with the following :

(i) Resources, especially on experimental plantations for energy purposes, such as Donax reed and quick-rotation forests. In addition, agronomic research is aimed at enhancing the profitability per unit area of certain more traditional crops. This programme is also supplemented by a major project designed to determine the growth and production conditions governing aquatic biomass (algae, water hyacinth).

(ii) Conversions, especially fermentations, covering better yield varieties for acetone/butyl alcohol or ethyl alcohol fermentation, or basic research dealing with methanogenesis processes. Finally, the availability of ligno-cellulosic materials has led to an attempt to determine the economic possibilities of their use in fermentation processes. Hence this involves converting cellulose to sugar by acid hydrolysis, or even better by enzyme hydrolysis.

(iii) Photosynthesis, still an area of basic research, in which investigations are under way to design photochemical systems capable of producing fuels directly. The best example of this is the direct production of hydrogen by the photolytic decomposition of water.

The Commissariat a l'Energie Solaire: Its assignments

For overall programme coordination, the Government has set up a top level entity, the Commissariat a l'Energie Solaire. But it is not the only one in the field. It is the only state agency with the declared objective of the development and promotion of solar energy. Nor does it act alone. As a planning agency, it is expected to mobilise encouragement wherever it can be found, public and private, collective and individual.

Thanks to rapidly growing initiation credits (solar budgets have risen 30 per cent on the average per year between 1975 and 1979, over 42 per cent in 1980 and 1981), it is capable of acting effectively among research institutions, to provide incentives for demonstrations, to accompany measures taken by the ministerial departments concerned, to support the solar industry, and to stimulate markets. Thus for each franc spent by

COMES (it re-allocates nearly 90 per cent of its approximately 200 million franc budget for 1981), two others are commited, by an entrainment effect, on other budget lines: research, university, environment and quality of life, agriculture, foreign relations and cooperation, etc. Collaboration with the construction plan and the French directorate of construction is especially close for home applications, as well as research on biomass, which is conducted jointly with the energy section of the French Agricultural Ministry.

As a rule, the regional authorities and local communities play an essential role in spreading recourse to renewable sources of energy.

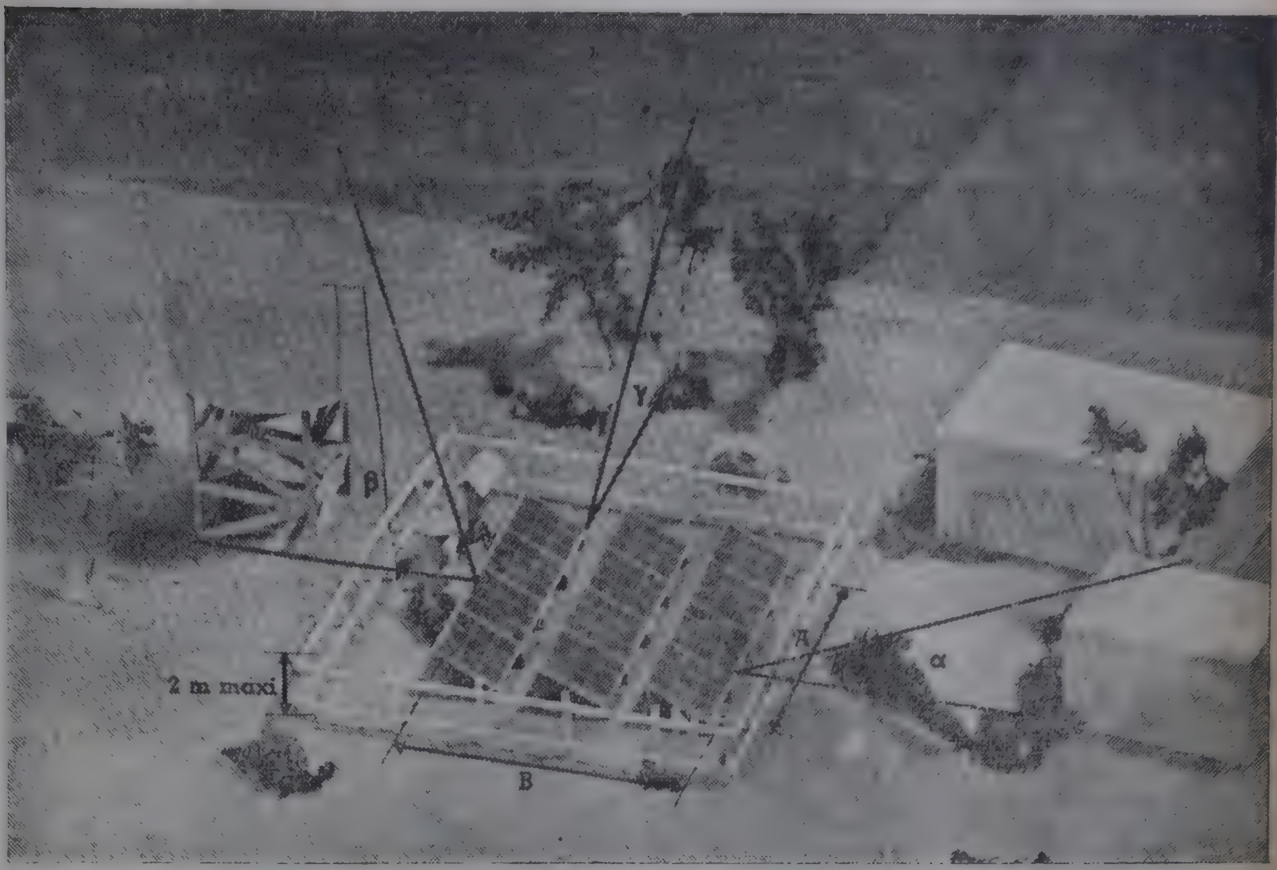
Solar budget

An estimate was made for the year 1980, of the incentive effect of credits of COMES on the total solar expenditures of the nation, including loans from the State, public institutions, local communities industry and private individuals. This can be broken down as follows :

	Million francs (MF)
COMES budget	140
Ministry of Industry	52
Other Ministries	144
Public institutions	136
Local communities	50
European Economic Community	18
Research, development in industry	45
Power production investments (solar water heaters, wood-fired boilers)	300
1980 TOTAL	885

It is already clear that the 1981 total will rise considerably beyond one thousand million francs.

This brief panorama of the activities of COMES needs to be completed by a review of its operations outside metropolitan France. Some forty countries, essentially in the Third World, form the subject of regular cooperation, concerned with technical assistance, training and the local establishment of demonstration projects. Owing to its highly decentralised nature, solar energy represents a preferential tool for rural development. Many experiments and demonstration projects have been set up in the past five years on all the continents, and especially in Africa, in close collaboration with the French Ministry of Cooperation and the Ministry of Foreign Relations. Among the priority energy needs of these countries, stress is placed on health problems (dispensaries, refrigeration systems), village agriculture (pumping and irrigation), communications (radio-telephone, beaconing), education (educational television), and the improvement of living conditions (drinking water, lighting, refrigerators etc).



Ground level diagram of a solar pump installation

COMES also has many links with international institutions. Among them are the following :

(i) The highly active contribution of France in setting up the programmes of the European Economic Community, and the significant participation of its research and demonstration teams in calls for tenders issued by the Commission of European Communities.

(ii) Organic relationships with different agencies of the United Nations such as Unesco, the United Nations Development Programme (UNDP), and the United Nations Industrial Development Organisation (UNIDO).

Our overseas territories, in which climatic conditions are often comparable to those prevailing in these countries, also provide an excellent test bench for French solar technology. The high cost of the energy that they produce is a further incentive to the penetration of renewable energies into their economies. Hence they represent a preferential field for investigations into renewable sources of energy. These include the following:

(i) wind or photovoltaic energy is adapted to the problems faced by scattered islands and isolated villages,

(ii) with respect to biomass; Reunion and Guadeloupe have large amounts of bagasse, while Guiana has considerable forestry resources.

Following the experience gained with an initial programme launched in 1978/1980 in Polynesia, a general programme has been set up for the development of new energies in the French overseas territories.

The first evaluations of the quantitative impact of this programme yield an estimate of the contribution of solar energy at about 18,000 toe in 1985, and three times that in 1990.

Conclusion

Since 1974, after the first oil shock, France began mobilising its intellectual and material resources in order to "rediscover" energies hitherto considered marginal or discarded. After an initial period in which many ideas and several projects were implemented, this overall potential was brought together in 1978 around the Commissariat a l'Energie Solaire, whose assignment was expanded in 1979 to include biomass.

An agency of this kind, with a largely inter-ministerial character has raised considerable interest throughout the world. In actual fact, our country is the only one that boasts this sort of structure, whose financial independence, combined with a substantial incentive budget, guarantees the efficient coordination of the different national partners involved.

Universite de Droit, d'Economie et des Sciences

INSTITUT DE PETROLEOCHIMIE ET DE SYNTHESE ORGANIQUE INDUSTRIELLE

I.P.S.O.I.

The Institute of Petrochemistry and Industrial Organic Synthesis was created in 1961. It is an institute of specialisation in the field of industrial organic synthes giving, during an academic year, a strong knowledge in the subjects related to organic synthesis to chemical engineers having already graduated in organic chemistry. For the candidates having already graduated in chemical engineering (M.Sc. or equivalent) the institute run a specialisation of project managers.

PROJECT MANAGERS

One year course

The main teaching points will be :

- Operational research
- Civil Engineering
- Safety and security at work
- Management of contracts
- International economy
- Costs estimating
- Finance and accountancy
- Human resource management
- Project management
- English language (or French)

It should be noted that the technical subjects or the different behaviours concerning the "Project Management" will be emphasised.

Foreign students, coming from developing countries will be welcomed. This specialization may help the natives of developing countries to be able to give a valuable contribution in the field of the transfer of the technology of chemical industries.

Lectures are given by the institute staff and industrial experts.

POST GRADUATE TRAINING IN APPLIED INDUSTRIAL ORGANIC CHEMISTRY AND PETROCHEMISTRY

The course is divided into two years. The graduates (M.Sc. or equivalent) enter the first year which consists mainly of practical work in the research laboratory (900 hours including a research project) and lectures, in applied organic chemistry, mathematics, chemical engineering, technology, computing, instrumentation theory and practice, foreign languages (510 hours). An industrial training period of two month in July-August or September is organised by the institute for the students accepted into the second year (if they have got an average mark of 12 out 20).

The second year consists of lectures given either by the staff of the institute or lecturers coming from other departments of the university or by experts coming from the industrial field for specialised purposes.

These lectures (440 hours) include :

Computing, Spectral Techniques, Chemical Engineering and Reactors Calculations, Industrial Chemistry (including catalysis), Statistics and related subjects, Theoretical Chemistry, Management, Chemical processing, Foreign languages.

An approximately double period is devoted to an original experimental industrially based research project. This research work is often supported by industrial firms with which the institute has close links. A dissertation will be written, this will be formally presented for examination.

WHERE TO APPLY :

The opening date for the receipt by the institute office of applications forms for admission in next October is the 1st January. The last date for the receipt of applications is the 1st of June.

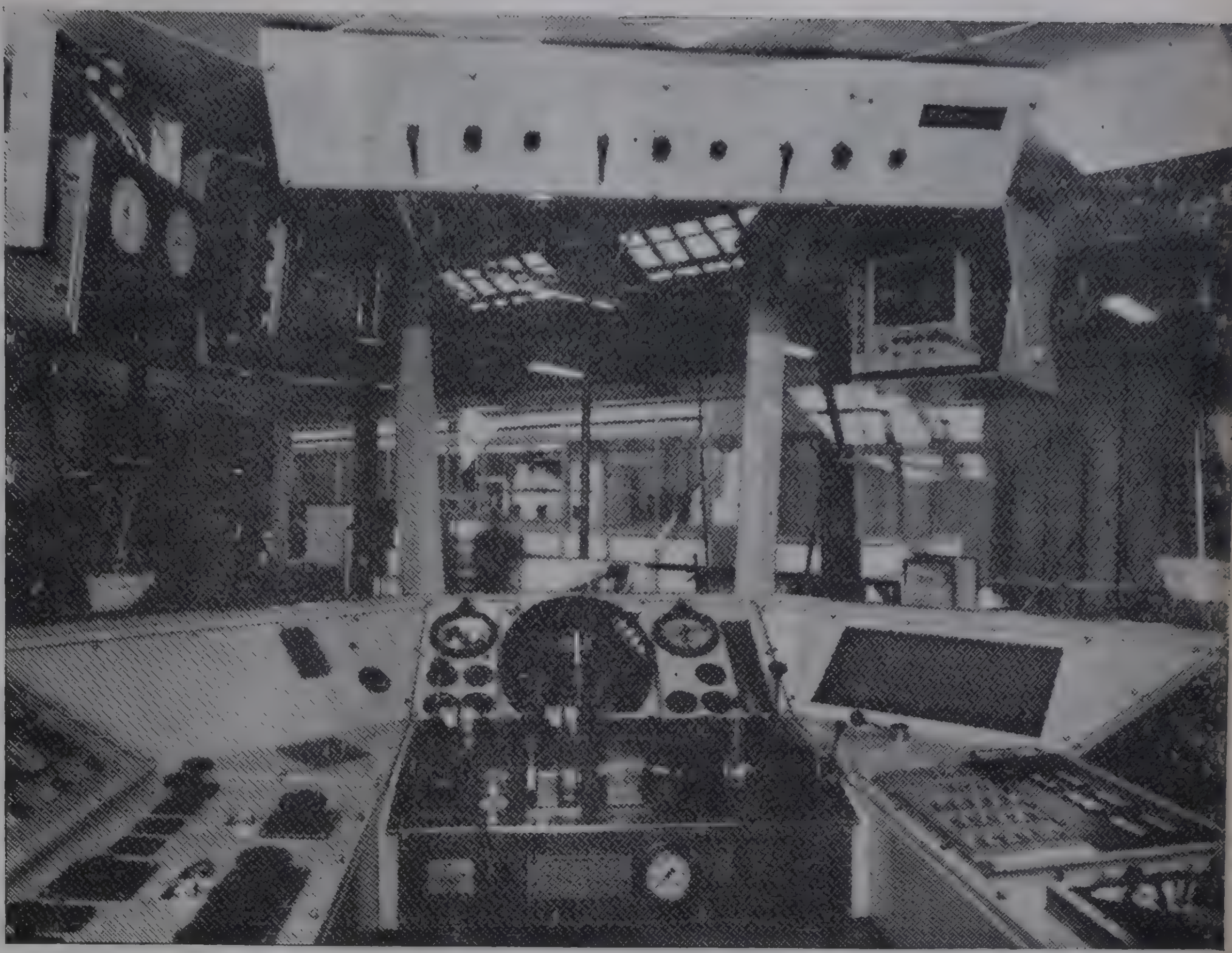
Institut de Petroleochimie et de Synthese Organique Industrielle
Centre de Saint-Jerome
Rue Henri-Poncare
F—13397 Marseille Cedex 4

The fees for the academic year will be 300 (October 1980) plus about 600 francs for the various insurances (Social security, work accidents...) and the registration to the social activities for students (sports...).

OFFSHORE OIL EXPLORATION

What France can offer

By M. JEAN RORET



Drilling control room

FRENCH companies have so far carried out work in the gas sector either about treatment, liquefaction or transmission and distribution systems. But attention has now to be drawn to the huge onshore or offshore pipelines, the LNG storages, burried or not, and the specially designed LNG carriers. Geothermal is a hope for France to solve partially the energy crisis. It has become a French "specialite" in both high and low temperature applications. I emphasise the new orientation of the studies in France about petroleum: secondary and tertiary recovery by different ways : mechanical, thermal, chemical and biological. The new treatment techniques about the heavy crude oils up to bituminous shale or the tar sands.

The research on the new mixed fuels like carburol : It is not only about oil, gas and petrochemicals, but also the big problem of "energy savings". It is a normal reaction against the worldwide energy crisis to try first to save this precious, rare and expensive asset called energy. We cannot solve totally the energy problem with the sun power, although it will be able to contribute in the future a significant share, especially in some countries like India.

But now let us come back to the sea. Coming back to sea, the French coastline is more than 5,000 km long and in the course of ages France has always largely developed its marine inclination. The French oil and manufacturing companies became experienced in the onshore oil sector by working on the French territory, then they developed considerably their knowledge in the Sahara sands as well as in the Middle East Emirates. In these countries they worked out actually remarkable achievements about human possibility and techniques.

The first offshore realisation made by French companies was done in 1960 in Gaboon. The post-war French industry was trying its revival and peak techniques were necessary especially at high level. On the other hand, it was necessary to minimise the national dependence on oil supply. Unfortunately up till now the French coastline has not revealed any hydrocarbon fields, nevertheless, prospection is being carried on off Britany and Mediterranean sea shore.

Previously the French oil manufacturing companies were looking out for foreign countries. Rather than copy the Americans, the French manufacturers tried to solve the problems by themselves and they identified the sectors where the genius of their engineers had the best chance to be efficiently applied. These specific sectors became more and more important owing to the fact that the prospection was made in deeper and deeper waters and the new prospected areas were more and more hazardous.

The result was very good, French companies rank again at the second place in the world-wide offshore (for turnover) preceding countries more favoured by hydrocarbon reserves.

Another fact. In the North Sea — one of the tougher seas — half of the used techniques were designed by the French even when nationalism and protectionism of the "riverains" impose local or joint venture realisations.

French offshore industry is presently very well placed owing to the fact that the Ministry of Industry and the Ministry of Energy are acting very positively.

The French Petroleum Institute (IFP) has a leading part to play for studies and basic researches, with or without manufacturers. It was sharing studies, for example, about Pentagon, Flexotir, Flexoforage, Dyposemi, VAP, drilling barges for the USSR etc.

France has some high schools like ENSPM (National High School for Petroleum and Engines) where future French and foreign oilmen are graduated.

Lastly, the CNEXO (National Ocean Development Center) and its COB (Oceanographic Center of Britany) are acting for the French industry by offering a deep water testing basin.

This year a new ministry was created in France to pursue the actions of the previous interministry mission for sea : it is called the Ministry for the Sea.

The Ministry of Foreign Market, the Ministry of Economy and Finance are helping us in making easy all financial problems and by CFCE and CFME (French Centre for foreign market and French Committee for external economical exhibitions) in promoting outside the French market.

I must also mention about our two

Mr Roret is president, Intertrade Association of French Manufacturers for Oil, Gas, Petrochemical and Geothermal (GEP).

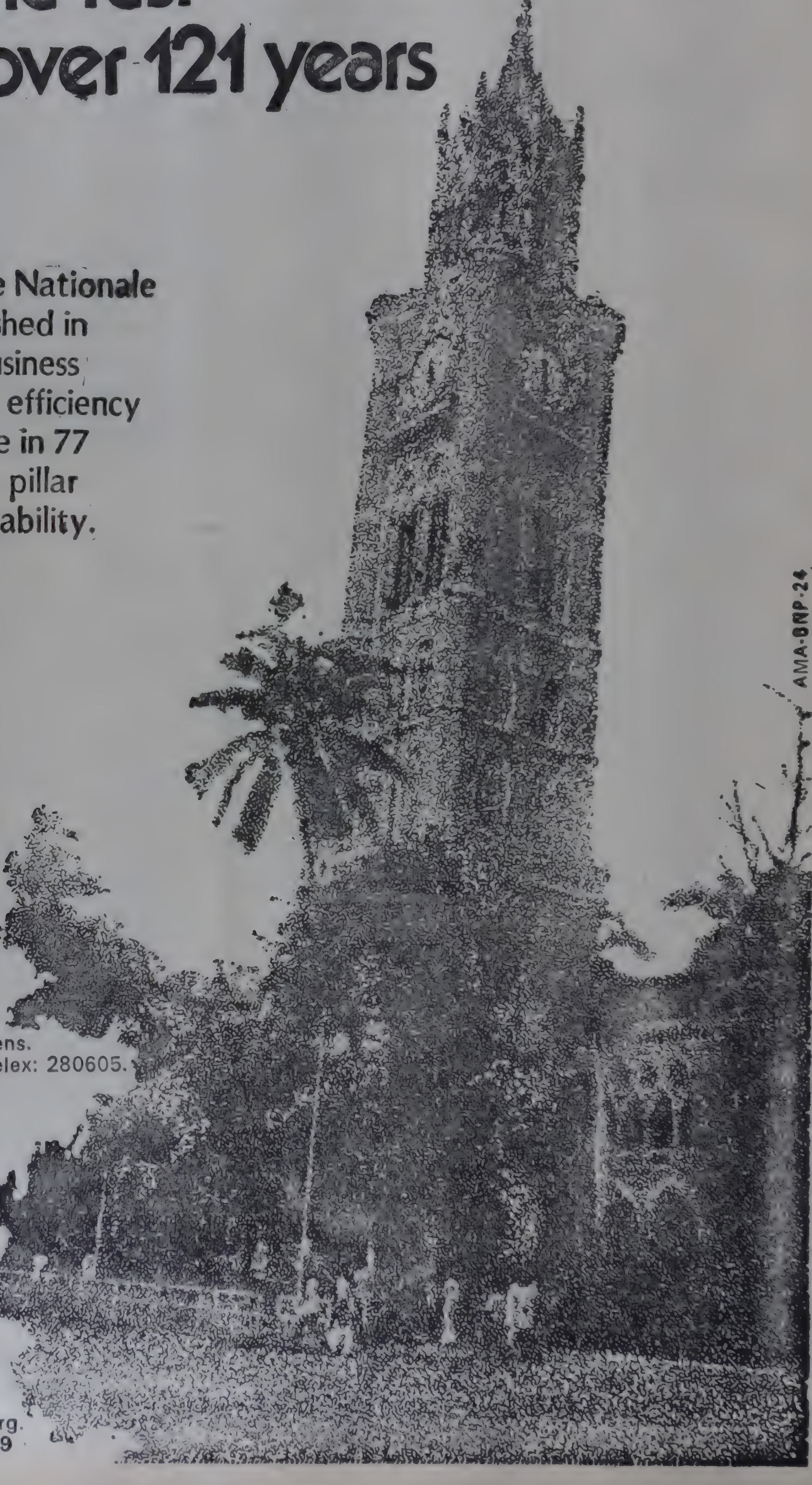
BANQUE NATIONALE DE PARIS
has stood the test
of time for over 121 years
in India.

For over 121 years Banque Nationale De Paris (BNP) has established in Indian and International business a unique tradition of trust, efficiency and friendly service. People in 77 countries look upon it as a pillar of financial strength and stability.

BANQUE NATIONALE
DE PARIS

Head Office: 16, Boulevard Des Italiens.
75009 Paris. Tel. No. 244, 45, 46. Telex: 280605.
BOMBAY
French Bank Building, Homji Street,
Fort. Tel. No. 255943
Telex Nos. 011-2341, 011-5157.
342, Kalbadevi Road.
CALCUTTA
Stephen House, 4-A, Badal Benoy,
Dinesh Bagh East. Tel. No. 239841.
Telex No. 021-7353
Posta Bazar,
4, Kali Krishna Tagore Street.
Park Circus, 60, Beck Bagan Row.
NEW DELHI
Representative Office:
Surya Kiran, 19 Kasturba Gandhi Marg.
Tel. No. 352656. Telex No. 031-3919

AMA-BNP-24



g national oil groups: ELF AQUI- AINE and TOTAL. These are follow- g clever politics with the French indus- y while they run big risk in order to cure the crude sources. They attemp detect the future needs, to define the est way of research, to collect the nume- ous data in order to carry out complete ystems CEPM (Committee for Marine etroleum Studies) is a pioneer which layed a great part in the French off- nore success.

All these studies are made with the nergy Directorate of the EEC (Euro- ean Economic Community).

Some sixty member companies of the Offshore division" of GEP are parti- larly interested in the Indian market. hey include: Schlumberger Group, orex Neptune, Comex, Intersub, ETPM, FEM, Coflexip, EMH, ACB, Sea Tank o, Bouygues Offshore, Campenon Ber- ard, Doris, Alshtom Atlantique, CIT, lcatel.

Therefore, it is not surprising to find rench companies for almost all offshore ecialities:

(i) geophysic and seismic: Schlum- erger Group and CGG which are using iginal and performing techniques,

(ii) on/offshore drilling: Forex Nep- ne, Foramer, etc,

(iii) diving: worldwide record in essurised vessel (minus six hundred e meters) and worldwide record in en sea (minus four hundred meters) elong to Comex which currently perates at minus two hundred meters,

(iv) undersea observation control or peration: special submarines made by tersub,

(v) platforms design and building: FEM first built jack up under US ence, now building new ones with own esign which are the strongest in the orld regarding great water depth up to e hundred twenty meters. One such jack is presently under delivery to ONGC.

CFEM built the Pentagon series, it udied Neptune—an excellent self posi- oning semi-sub. A new semi-sub (dual ull) was designed and four units were cently sold to Brazil.

The long range of dynamic position- ng barges type Pelican are French de- gned. They drilled in one thousand etre water, and attempt now to drill in e thousand six hundred metres in the editerranean sea. A new type is pre- ntly designed to operate in three thous- ds metres water.

Concerning the gravitational produc- on platforms made of concrete, France owed the way with the famous "pre- iere" made by Doris on Ekofisk site arland process), others followed made Sea Tank Co.

CFEM is studying a new solution to gravitational steel platforms and co-operating with IFP about TLP.

France participated in the making of steel jackets used in the North Sea either by supplying elements or supervising the building (like ETPM) or building directly in French yards (like UIE did in cherbourg where numerous jackets were made, the last one for Cormorant site which made a record with a launching of twenty seven thousand tons). Bouygues Offshore built several jackets for Mexico and got some orders for West Africa.

About undersea pipe laying, ETPM realisations crossed successfully the strait of Magellan and got the worldwide record for length per day laying.

The French burrying/anchoring subsea machines, J. positioning machines and electronic beam welding machines are well known.

The articulated column was made by EMH (now under Spie Batignolles control). This outfall study is now widely used as flare (Brent, Frigg) or as anchor/loading buoy (Beryl, Statfjord A and B, Cormorant). Another version was developed for very deep waters called "Candle stick". This column is in competition with traditional buoys. Many are in Angola, Mexico, Brazil.

France is touching now the new problem: deep offshore technology. First between two hundred and six hundred metres, then between six hundred and one thousand metres. Here we have to forget the link with the bottom, it is necessary to use floating supports (CFEM study for P 7000) to design and develop new remote controlled wellheads.

French companies are making bridges for platforms liaison, modules, electric or electronic components or systems designed to control positioning or regulating, motors, turbines, steel pipes, valves, flexible hoses which are now prefered. Mention must be made of the general contractors, pipelines, production and treatment engineering.

French manufacturers own some solutions to the problem of medium depth water prospection: the strongest jack up, well performing production semi sub: jackets, concrete or steel or concrete/steel platforms. They own also some solutions for deeper water: semi sub used in production, TLP, risers, undersea wellheads, storages, deep water pipes laying loading columns, early production system.

India has already invited French technology and placed orders with some companies like TOTAL/CFP, ETPM, CFEM etc.

French companies own technology power, human and industrial capability which enable them to solve many problems. In the oil and offshore fields they are ready to present a compact group under a French oil company flag in order to solve the total problem.

French enterprise is ready to be in touch with Indian manufacturers and enterprises in order to make either joint ventures or technology transfer to solve the problems that India has in developing offshore resources, each part bringing out its best for the common benefit.

Platform from France

THE Oil and Natural Gas Commission of India is raising a syndicated loan of 5.4 billion yen (US $ 23.7 million) to help finance the purchase of an offshore oil production platform, according to a report in *Asian Wall Street Journal*.

Unlike most yen loans, this one isn't being arranged by Japanese banks. It is being put together as an offshore-yen loan—a credit that uses yen held outside Japan—by BT Asia Ltd, the Hongkong merchant banking arm of Bankers Trust Co, and by the Singapore branch of State Bank of India.

The platform is to be used to pump oil in the Ratnagiri field, near Bombay, in western India. The platform is being built in France, and the yen loan is to help finance Japanese subcontract work being done by Hitachi Shipbuilding & Engineering Co and by Nippon Kokan K.K., a major Japanese steel maker and shipbuilder. The French costs are to be financed by a French export credit of $ 22.5 million.

The yen loan, to be guaranteed by the Indian government, is to be repaid in 10 years. Interest is to float for the first seven years at 0.375 percentage point above the Singapore interbank rate for yen, which recently has been about 7 per cent. For the last three years the margin is to be 0.5 percentage point.

International loans denominated in yen are rare because Japan's Ministry of Finance has discouraged international use of the yen in an effort to keep control over the yen's value. But with more and more contracts being paid in yen, and with yen-interest rates currently low compared to other currencies, the international use of the yen has increased.

COMPAGNIE GENERALE MARITIME

(C. G. M.)

offer regular sailings

with their multipurpose container cum RO/RO vessels

From BOMBAY AND MADRAS

To FRENCH PORTS, NORTH CONTINENT

AND MEDITERRANEAN PORTS

FOR SPACE REQUIREMENTS

Please Contact

PATVOLK

Division of Gokak Patel Volkart Limited

19, J. N. Heredia Marg
Ballard Estate
BOMBAY-400 038
Phone : 266751

64, Armenian Street,
Catholic Centre
P. O. Box No. 45
MADRAS-600 001
Phone : 22521 / 22

Role of ASTEO in oceanic exploitation

By M. JACQUES PIERRE DUPORT

AT the outset I should make it clear that this article is not exclusively limited to the subject of energy in the context of oceanic exploitation because of the fact that mention is also made of advanced technology for exploiting living and mineral marine resources, for protecting the marine environment, for producing desalinated water and for many other ends. In addition, much of this advanced technology is in a sense "multi-purpose" technology (systems for seabed penetration and instrumentation, for example) and is developed for several different purposes. Nevertheless, it is still appropriate to subsume oceanological technology under the general topic of "energy" because the main driving force behind technological progress in oceanic exploitation in the course of the past twenty years —and this still applies today—has been energy-related, namely, offshore petroleum exploration and exploitation activity.

Of the many resources provided by the world's oceans, energy is one of the most important, especially because of OTEC (Ocean Thermal Energy Conversion). As the representative of a major French interprofessional association, I would like to present an overview of advanced technology for oceanic exploitation developed in France.

What is ASTEO?

ASTEO is an interprofessional association of 75 member firms interested in the promotion of oceanic exploitation. It was established in 1967 following the decision to increase efforts in our country for the development of ocean exploitation; on the government side, this was marked by the creation of CNEXO (Centre National pour l'Exploitation des Oceans), a government agency in charge of promoting and coordinating R & D efforts in the field. On the industrial side, this induced most of the firms interested in the field to join into a new association, the role of which will be described hereafter.

ASTEO member firms are active in practically all the areas of ocean exploitation:

1. Exploration for and recovery of offshore oil deposits.
2. Exploration for and recovery of mineral resources (polymetallic modules, metalliferous muds, placers, sand and gravel, salt, ...).
3. Living resources:
   - development of fishing technology,
   - aquaculture.
4. Coast and port development.
5. Desalination of sea-water.
6. Pollution control.
7. Naval equipment and instrumentation for oceanological research.

The above areas include short, medium, or long-term projects combining industrial activity with R & D and technological development.

ASTEO cooperates with French governmental authorities by:

1. Exchanging information with various ministries.

2. Working with non-member organisations: CNEXO, CNRS (Centre National de la Recherche Scientifique), DGRST (Delegation a la Recherche Scientifique & Technique), ORSTOM (Office de Recherche Scientifique & Technique d'Outre-Mer), CFCE (French Foreign Trade Centre), CFME (French Committee for Trade Exhibitions Abroad), ACTIM (Technical, Industrial, and Economic Cooperation Agency); the three last ones are organisers of this symposium.

ASTEO also permanently cooperates with CEPM (Comite d'Etudes Petrolieres Marines).

In keeping with its role as a consultant to industry, ASTEO promotes cooperation among members;

Carries out research in specific sectors, in specific geographical areas, and in new, potential areas;

Organises technical round table discussion, international conferences, missions to foreign countries;

Participates in international exhibitions and symposia;

Provides members with various services such as regular publications;

Publishes a technical and business yearbook and an international file of buyers and suppliers.

I shall try to point out some of the advanced technology representing contributions to progress in oceanic exploitation made by French firms. The examples of advanced technology are numerous. Oceanic exploitation is an area of activity which has in the course of the past twenty years given rise to a large number of technological innovations. This not only applies to new sectors such as offshore petroleum, seabed minerals, anti-pollution measures, etc but also to more traditional fields such as maritime transport where economic and social restrictions (security, environmental protection) have dictated the necessity of technological progress.

ASTEO's main activities are prime contracting, research and development, engineering, equipment, services and construction.

There are two major reasons for the widely varied activities of many of our member firms:

1. These companies are prepared to respond to the needs of the international market, which may require the services of a prime contractor, engineering services to be performed for a local prime contractor or special services or equipment. Whenever possible, the contribution of advanced French technology complements the local skills and capacities of the target country.

2. The activities of most of these firms are based upon constantly evolving technology, which explains why there are so many firms in both the research and development and the operational areas.

One of the specialised services offered by these firms at the international level is also the execution of R&D projects or collaboration in the context of such operations.

Exploitation at extreme depths: Since 1974, two CFP subsidiaries, IFP and SNEA (P), have been car-

---

Mr Duport is Secretary, French Interprofessional Association for Ocean Exploitation (ASTEO).

HOC

the fountainhead of 23 basic chemicals

For drugs, dyes,
pesticides, rubber
intermediates, crop
protector sprays,
polymers, paints,
plastics, perfumes,

adhesives, etc.
Available in
plenty ex-stock.
No import Licence.
No L/C. No Permit.
No Delay.

HOC
Pace-setters in Organic Chemicals

HINDUSTAN ORGANIC CHEMICALS LTD.
(A Government of India Enterprise)
Regd. Office, Factory & Marketing Division: Rasayani PIN 410 207. District Raigad, Maharashtra.
Phone: 21-26/57-60 Gram: 'HINORCH', RASAYANI.

Dattaram-HOC-60

TEXTILE & ENGINEERING DIRECTORY 1980

- Information about Cotton, Silk, Man-Made Fibre and Jute Mills in India, Pakistan, Bangladesh and Sri Lanka with details of Bleaching, Dyeing, Printing and Mercerising, in addition to a separate section on Processing House.
- Details of Textile Trade Organisations and Associations.
- Purchase Guide and Catalogue of Textile Machinery, Mill Stores, Spares and Accessories, Dyes and Chemicals and Oils.
- Statistical Guide and Technical Reference Book.

Price : Rs. 100/-

Publishers:

COMMERCE PUBLICATIONS LIMITED

Manek Mahal, 6th Floor, 90, Veer Nariman Road, Churchgate,
BOMBAY 400 020.

Phone : 253505

Grams : ECREMMOC

rying on an R&D project intended to find a way to extract oil from offshore reservoirs at depths greater than 300 metres. This work has not only resulted in the development of sub-sea electric manifolds with automatic connections but has also made it possible to carry out ful-scale model tests of equipment and processes for deep-water operations.

The goal of exploitation at extreme depths also led to the oscillating gravity platform. This project, which is supported by the EEC and several other groups (CFP, ELF, Chevron, Phillips), includes efforts to go from 300 meters to depths of 900 metres.

Underwater production and extraction: With respect to laying and repairing pipe in deep water, two examples of advanced technology can be mentioned :

Deep-water pipe-laying equipment developed by ACB. This method is useful for work at extreme depths and requires no extensive surface support. It was necessary to develop the electron bombardement welding method for this purpose.

The "Weldap" method developed by Total, Comex and SNEA (P) to overcome problems encountered in connecting or repairing pipelines at depths below 300 meters. This method is caried out inside a bell at atmospheric pressure, which means that repairs can be made at depths greater than 1,000 meters.

The protection of submerged pipe used to evacuate offshore production is one of the difficult problems encountered in long-distance exploitation. This gave rise to projects such as the Velpo prototype, developed by the France Dunkerque Shipyards.

Means and equipment: Offshore exploration, drilling, production, transport and storage have given rise to the creation of various means and equipment, some of which are mentioned under the heading "Means". In this context, we will only mention Coflexip advanced technology. Coflexip manufactures and puts into operation high-performance flexible pipe which is integrated into offshore systems, chiefly for all other ocean industries and for the oil and mining industries but activities as well.

Pollution prevention and control

Since it was founded in 1967, CNEXO has made great strides in R&D projects designed to preserve the marine environment. Prime contractors involved in oceanic exploitation, and particularly the oil companies, have been concerned with the same problems. This resulted in many new techniques to avoid spilling pollutants or to recuperate or neutralise accidental spills.

In this area, mention should also be made of the possibilities offered by French engineering firms and consultant bureaus which are in a position to make risk and impact studies for any new project.

We would also like to mention only two more of the many examples of advanced technology :

— The ATAL system developed by SNIAS (Aerospatiale), which permits live or indirect observation of the surface of the ocean by transmitting TV images from a light aircraft, a helicopter or other vehicles.

— Cyclonet and Turbiflux systems developed by Alsthom Atlantique (Neyrtec) for dynamic or static recuperation of surface pollutants at sea or in harbors and purification of such discharges.

Minerals, sand and gravel

CNEXO has been responsible for major exploration and R & D projects undertaken in France to use marine minerals :

— Sand and gravel (exploration of the French coast, impact and ecological studies, etc.)
In this context, one might mention studies to use limestone sand for cement production and soil improvement in agriculture.

— Manganese nodules (exploration, investigation of recovery and processing methods).

We would also like to mention the activities of the B.R.G.M. (Bureau de Recherches Geologiques et Minieres), an ASTEO member organisation, in the area of marine geology :

1. Prospecting cruises of sand and gravels deposits, of metallic ores on the continental shelves and at deeper depth.
2. Assistance and development of the marine geological activities to foreign governments or service.
3. To carry out those surveys the BRGM have at their disposal on one hand well-equipped specialised teams for offshore operations and on the other hand the necessary laboratories specialised in earth sciences applications.

Coast and port development

Much of the advanced technology mastered by our member organisations has applications in the area of "Coast and Port Development" at the level of engineering studies (oceanographic measurement, for example), at the construction level or at the equipment level (coastal navigational systems, for example).

We will only mention two examples which deal with the activities of engineering consultancy bureaus :

B.R.G.M. carries out geological, technical and oceangraphical surveys for the development of coastal areas: Port design; installation of duct, pipe and diffuser systems; and marine pollution studies, with special emphasis upon the effects of metallic elements.

SOGREAH, an engineering consultancy firm, is equipped to provide a full range of consultancy services in the areas of physical planning and land development. In the area of port and coastal engineering, a good example of their potential can be seen in the Port Revel Center, a unique ship-handling and marine research center where more than 2,000 captains and pilots from about a hundred piloting organisations and shipping companies have attended intensive training courses.

In-depth studies were conducducted before a decision was made to use a training method based upon scale models (1 to 25) to improve piloting safety and efficiency for very large vessels in shallow water or narrow passages.

Part of the time, the centre is used to conduct research dealing with the following problems : ship equipment (bow and stern thrusters), ship behaviour and port equipment.

Ways to optimise the Antifer petroleum terminal in France were investigated at Port Revel. The simulation of actual piloting conditions is of considerable importance in this context.

Fishing and fish farming

As examples of the services offered by ASTEO member :

The Sanders Company, a subsidiary of Enterprise Miniere Et Chimique has aquired a know-how in the field of nutrition and breeding. It can also be consulted for the studies and achievements of hatching installations, for the solution of technical and sanitary problems in breeding conditions, for personnel training and for the teaching of aquaculture techniques.

COFREPECHE, a French consortium for the development of fisheries, created in 1980 by "Union Des Aramateurs A La Peche De France". It is a partner for operations of development of fishery abroad.

The activities of those ASTEO member firms involved in the areas of designing, supplying and installing means for oceanic exploitation are given below :

- Shipbuilding,
- fixed or mobile structures,
- ships, crafts or platform equipment,
- electrical and mechanical construction,
- materials,
- remote control, telemetry,
- telecommunication,
- automation—electric components,
- ocean measurements (physical, chemical, biological..) meteorology,
- data processing,
- diving,
- dredging,
- security.

In the field of telecommunications and visualisation :

- CEA is developing new techniques for ultrasonic transmission of televised submarine images,
- Thomson CSF supplies underwater television equipment.

In the field of electronic components and transmission systems :

Souriau & Cie develops electrical under water connectors, automatic connecting systems, optoelectronic components, etc..

Compagnie Deutsch supplies, among other products :

Underwater connectors till 7 000 m. umbilical self-carrier connectors, etc..

The development of sub-seabed exploitation and the exploration of the marine environment have resulted in the design and use of remote-controlled systems, automated systems and veritable underwater robots, and this trend will continue.

ACB which develops remote-controlled robots for servicing and maintenance, has successfully concentrated its efforts in this area.

In the area of oceanic measurement, the following examples can be mentioned :

- the use of radioactive or isotopic tracers by CEA to study mass transfers in the fields of hydrology and hydraulics, and of sedimentology.
- the MINIFLEXICHOC high-resolution seismic package, and the SOL. 120 : long-range side scan sonar from C.G.G. and BEICIP.
- the CORMORAN—data-acquisition system, and some other systems such as WADIBUOY (wave analysis), from NEREIDES.

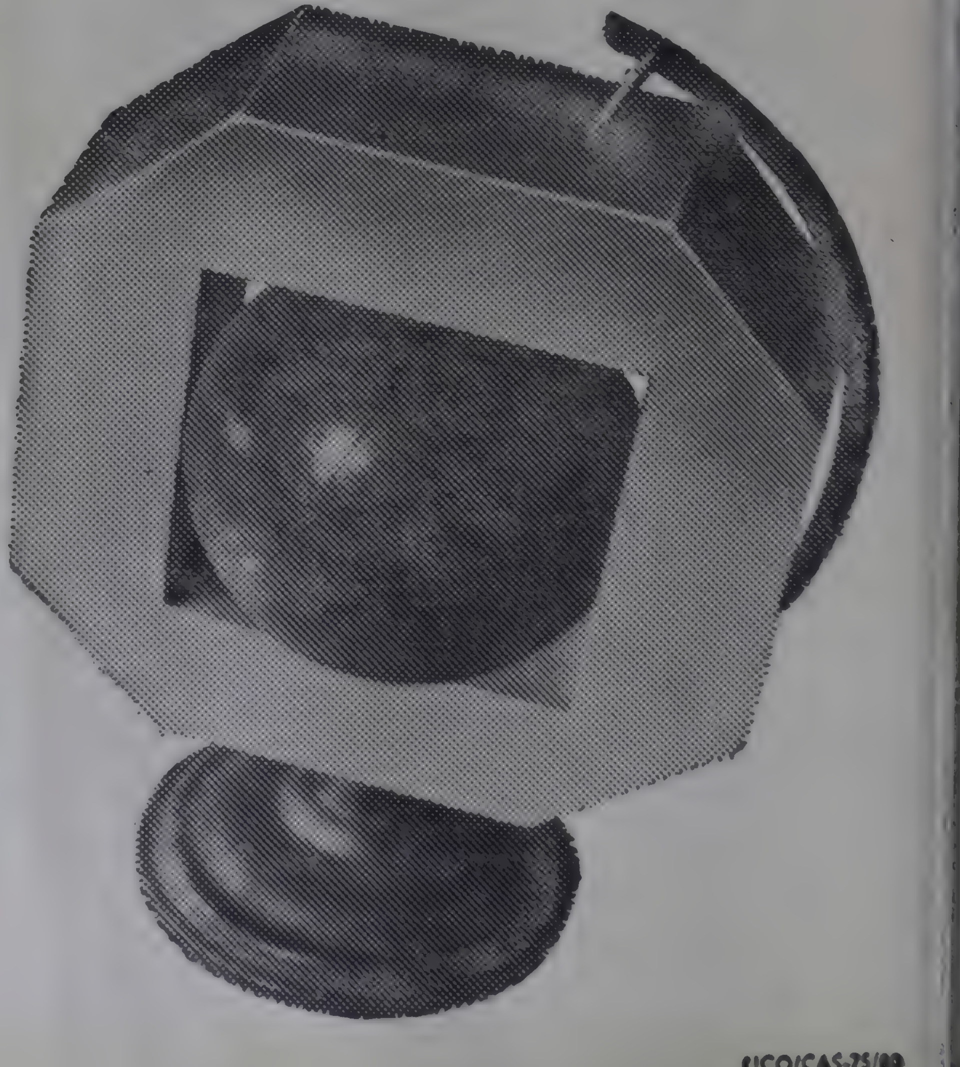
The advanced techniques of French firms (COMEX) in diving equipment and services are well known. We shall add to this :

- CETRAVIM, "Centre for practical industrial diving and working underwater", the French national training centre for divers.
- ECAP 01 and ECAP 03, autonomous divers heating systems, from ECA.

Security

We have already touched upo the capacity of French engineerin and consulting firms to conduc security studies in the area of oceanology, and it would also seem appropriate to mention the following Non-destructive control systems i operation such as the "Structura

Continued on page



Exporters! Importers!

UCOBANK has your world covered

Export and Import Finance, Letters of Credit, collections & remittances, trade development assignments on your behalf ; in fact, for a world of export expertise and services—talk to UCOBANK.

UCOBANK's widespread network of branches throughout India and overseas : in London, Singapore, Hong Kong and Correspondents worldwide, are all on tap to provide in-depth information.

Step into UCOBANK today.

There's a specialist waiting to step out and solve your international challenges. Anywhere in the world !

United Commercial Bank

UCO/CAS-25/80

Time division telephone exchanges in rural and semi-urban areas

By M. BERNARD DE MONTGOLFIER

F the 700 millions people living in India, 70 to 80 per cent live the countryside. One special eature of rural areas is that ore than 500,000 villages have ewer than 3,000 inhabitants. This eans a well distributed population, he demand of the population reains low for telephonic equipment, o or practically no specialised staff, nd in general, geographic and limatic conditions making maintennce and finding maintenance staff nore difficult.

Because of the economic and uman characteristics of India, the elecommunications needs are divided into two parts: big exchanges nstalled or to be installed in industrial crowded areas; small exchanges he capacity of which can be from 0 up to 4,000 subscribers, but generally in the range of 300 to 2,000 ubscribers,, to be installed for telecommunications needs in rural areas.

Specifications of a rural network

A rural network is characterised by frequent main failure and lack of voltage, difficulty to find specialised staff on the spot and geographic or climatic problems.

To such difficult problems, we can add other economic constraints: these areas do not have a sufficient potential to redeem the investments made which include: switching, transmission, distribution and the energy necessary to run the unit.

We are especially interested in the electronic digital switching systems that are applied to rural telecommunications and concerning:

Low consumption of the exchanges, which would allow the smaller ones in the above range to be supplied by solar cells. It could also reduce the dimensions of every exchange.

Possibility of remote operation through a centralised control and remote signalling of faults or failures.

KIND of CENTRAL OFFICES	From 50 to 8,000 SUBSCRIBERS
Voice transmission	PCM Digital System
Control	Distributed over several levels
Switching	Local
Operation	Remote (most generally)
Volume of the Cos	1 to 10 cabinets
Average Consumption	35 A for 1,000 Subscribers
Climatic conditoins	7 to 45°C 80% humidity (98/100% if tropicalised)

These have been carried out successfully thanks to the technologic evolution of recent years, when the following appeared: new microprocessors, high capacity memories and circuits especially adapted to telephony.

The present generation of microprocessors (particularly 16 bits) and of memories enables us to supply compact control units, which are safe, are of low consumption, are cheap and are capable of featuring sophisticated operations.

We can divide into two categories the circuits specially adapted to telephonic equipment:

(i) analogical gates allowing the setting up of very economic voice transmissions, when it is not necessary to use a digital connection network, for reasons of capacity,

(ii) circuits allowing complete digitalisation of voice transmission, that is to say single channel (CCITT A-law CODEC), and associated digital filter.

Practically speaking, the main problems presented are how to redeem the investments and how to finance the operation.

A way of bearing more easily the expenses of the operation is to divide them. The aim of the investment must be well defined to offer a telephone service of a high quality in completely remote areas being hardly accessible.

The stations connected to these exchanges will be the following: public phones, important people in these places, small industries and administrative departments.

In order to reduce the cost of the installation, any service which is not absolutely necessary must be eliminated.

Following are two Examples of Rural Network:—Empresa Departmental Antioquia (Columbia) Rural Network.

Antioquia is a province in the north-east of Columbia and includes different areas: coastal regions (Carribean region) with a tropical and very humid climate; high table land regions with the tropical climate of high altitudes.

The main problems of a rural area are very severe climatic conditions, primary power resources one cannot rely on and lack of specialised staff in such remote regions.

The network, on which we are working at present, includes 30 central offices switches and a total number of 9,000 lines. It will be extended in successive stages.

The network includes 3 hierarchical levels: terminal centers (TC) of a capacity varying from 50 to 300 lines, groups centers (GC) of a capacity of 1,000-1,500 lines and a transit centre.

Mr Montgolfier is Telecommunications Export Manager, Jeumont-Schneider.

Geographic local conditions make it impossible to have a link between group centres. Signalling, which is decimal now, will become multifrequency; at the same time, the network will become digital.

The software system is divided into 7 parts: call processing, resources management, maintenance, traffic monitoring, line and circuit testing, man machine dialogue and calendar.

In the network, the partition between central office switch and operating unit is based on the following principles: all the programmes being in the exchange allow all the call processing and switching functions independently. Operation of the network: All data necessary to the operation are generated in the exchange and then transformed into conversational information in the operation unit.

The link between the exchange and the operation unit is done through the switched network: each exchange has a directory number for data transmission and the data transmission is based on a HDLC Protocol.

Example of an island network

The area considered is quite different. It is a series of small islands, also with a tropical climate. The network includes 5 central offices for a total of 2,800 lines and has the same general structure as the previous one.

The most important difference comes from the transmission network which is digital: it allows us to have high speed continuous connections of data between the central offices and the management unit. It includes: One main exchange of 1,150 subscribers. This exchange has all the features and allows the operation of the whole network. The operation unit of the central office switch is also used as operation unit of the network.

All data are received through digital transmission network using a Semaphore Canal Protocol. They are immediately processed and if necessary, indicated on the printer of the system.

The smaller exchanges are linked to the main exchange by UHF/VHF links.

The Remote Subscriber Units (RSU) maintenance data are processed first in the exchange they are connected with.

The characteristic feature of the previous networks is that the operation is centralised.

All maintenance information (faults on trunks, subscribers circuit, failures, tone or auxiliary equipment faults, bad working of the Central Processing Unit and any kind of fault) are sent through the telephone network to a maintenance centre, normally located near to a main local switch.

The maintenance information is given on a printer and indicates which fault have been detected by the CPU of the exchanges concerned and which PC board or equipment (Tone generator, supply, etc).

This allows having centralised, very efficient maintenance teams, instead of having separate persons dedicated to each exchange. These people are more efficient due to the fact they have a wider experience by working on all sites, i.e. on all types of similar digital exchanges.

On the other hand, all operations are carried out from the same main Centre:

- Collection of billing information, for preparing the end invoices; this information is collected for instance on magnetic tapes or disks directly acceptable by the computer of the PTT for processing.
- Number allocation and subscriber class or type allocation changes in a remote area by Man/Machine dialogue on the printer.
- Start of a maintenance programme to check a function or a device on a distant exchange.
- Traffic measurements and calculations made at the main centre from information sent through the telephone network, this allows easy adaptation of capacity of the unit to the traffic flow.

In fact, each exchange will send all information and data through the telecommunication network and this will be processed at the main centre. In case of failure of the links between the remote exchange and the Center, the main data are safeguarded on a floppy disk or in the memory of each exchange until the circuits, are back in service.

For transmission purposes, the digital exchange is adapted to all types of signalling technologies, including analog signalling, but this cost is much lower when PCM transmission is used.

Argal and Saraw from the Telecommunication Research Center of India are developing the same idea when they say about the Indian network:

"There is great advantage and potential in introduction of digital techniques in such a network (Indian) due to the fact that the introduction of digital techniques in such a network (Indian) would not, unlike developed countries, involve replacement of telecommunication plant".

In fact, they demonstrated that the use of digital exchanges, particularly of low capacity is interesting by the new services brought to the P & T but also and mainly in the cost savings. When the digital exchange is used in conjunction with digital transmissions, the cost savings are much higher.

Role of ASTEO in oceanic exploitation

Concluded from page 18

Platform Monitoring System" developed by Syminex S.A.

Conclusion

The French contribution to progress in advanced naval technology and oceanology is not a recent phenomenon. It all started with considerable success in the area of naval architecture. In conjunction with knowledge and experience acquired in landside oil exploration and exploitation, this specifically naval technical tradition and capacity made possible the achievements of the past twenty years in a gigantic sector—offshore petroleum activity.

Thanks to excellent organisation and impressive capacities, but perhaps more than anything else to a goods reputation for technology, France has been able to achieve and maintain the number two position in the world in this sector, a feat accomplished with no little difficulty.

Today, the quest to find new sources of fossil fuel through offshore exploration and exploitation remains the most important goal in terms of the economy, and more countries are becoming interested in this activity. However, other considerations are becoming increasingly important in ocean exploration and will make it necessary to develop suitable technology: renewable sources of energy; seabed mineral deposits; the exploitation of living resources; etc.

SOCIETE TRANE

BRAZED ALUMINIUM PLATE FIN HEAT EXCHANGERS

THE NAME TO RETAIN IS TRANE FOR
ALL YOUR PRESENT AND FUTURE REQUIREMENTS
OF CRYOGENIC HEAT TRANSFER EQUIPMENT

CONTACT : H. GARABEDIAN

SOCIETE TRANE, P. O. BOX 127, 88004 EPINAL CEDEX, FRANCE
TELEX: FRANCE 960569

MOULES
FORMEN
STAMPI
قوالب
模型
साँचा
鑄型
ФОРМЫ
MOLDS
MOLDES

GIEMO
S.A.

GROUPEMENT INDUSTRIEL EXPORTATEUR DE MOULES S.A.

26, avenue du President-Roosevelt
BP 206
01106 OYONNAX CEDEX
FRANCE
TEL. : (74) 77.21.20
TELEX : 340281

Supplement to Commerce dated February 27, 1982

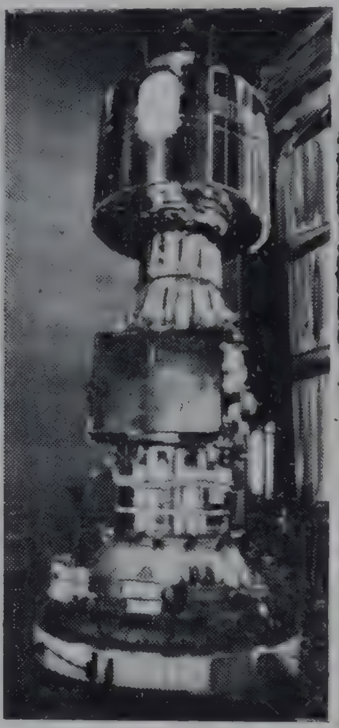
Reg. No. MH-BY/South-38
Licence No. 51
Reg. No. WB/CC-245

aerospatiale
france

TECHNOLOGICAL COOPERATION WITH INDIA

AEROSPATIALE is today a unique industry as it can satisfy all existing needs concerning aeronautics and space, in the field of:
—Air transportation (airplanes and helicopters)
—defence (tactical missiles, target drones)
—space (satellites, launch vehicles).

For more than a decade AEROSPATIALE has enjoyed a very particular relationship with India, starting with the manufacturing under licence by HINDUSTAN AERONAUTICS Ltd. of a large quantity of Alouette III and Lama helicopters, and more recently the operation of eight A300's by INDIAN AIRLINES.



A **Airbus A300/A310**
B **Super-Puma helicopter**
C **Exocet MM40 missile**
D **Apple and Meteosat satellites**
E **Ariane launch**

In the area of tactical missiles, manufacturing licenses exist with BHARAT DYNAMICS Ltd. The above programmes are the occasion of a valuable exchange of technology between the two partners.

Finally, last year, on June 19, ARIANE L-03 launched India's telecommunications satellite APPLE. The above exemplifies AEROSPATIALE's prominent role in the field of Indo-French technological cooperation.

AEROSPATIALE's products come from four different Divisions:
* Aircraft: ATR42 regional transport, Epsilon military trainer, Transall tactical transport, Airbus A300/A310 final assembly line.
* Helicopters: Ecureuil—Ecureuil 2, Dauphin—Dauphin 2, Puma—Super Puma.
* Tactical Missiles: Anti-tank, surface-to-air, air-to-surface, anti-ship, nuclear missiles.
* Space & Ballistic Systems: Strategic ballistic systems, launch vehicles (ARIANE), sounding rockets, satellites.

The production of such a wide range of products implies mastering the most advanced technologies in a variety of fields. Applied research is a vital necessity to AEROSPATIALE, mainstream research being concentrated in the areas of aerodynamics, structures and systems, with the aim of saving fuel and improving nuisance levels.

Société Nationale Industrielle
aerospatiale
37, bd de Montmorency - 75781 Paris Cedex 16

Printed and Published by D. B. Mahatme on behalf of Commerce Publications Ltd, Manek Mahal, 90, Veer Nariman Road, Bombay-400 020 at Onlooker Press, (Prop. Hind Kitabs Ltd.), Sassoon Dock, Colaba, Bombay-400 005.
EDITOR : Vadilal Dagli.

COMMERCE

Vol. 144 FEBRUARY 27, 1982 No. 3690

EDITOR: VADILAL DAGLI
ASSOCIATE EDITORS: D. B. MAHATME
SUBHASH CHANDRA SARKER

CONTENTS

COMMENTS

Editorial

Can railways meet transport requirements ? 351

COLUMNS

Editor's notebook (Vadilal Dagli) 353

Money : Financial stringency for banks too (S. G. Shah) 369

Beyond headlines : Need for manpower planning (G. Vee) 376

COVER STORY

Railway budget : Fare-freight revision to yield Rs 261 crores (Text of Railway Minister's speech) 354

SPECIAL REPORTS

Railway finances in parlous state : Tawa : Bad planning ; IFFCO's new fertiliser project at Kakinada 365

FEATURES

Indo-French cooperation (A 24-page feature)

People ; The week 350

Letter from New Delhi: Taxation of Rs 250 crores? (Arvind Bhandari) 352

COMPANIES, STOCKS & COMMODITIES

Corporate sector 369

In the market : Prabhu Steel Industries; 20th Century Leasing 369

Forthcoming company meetings 369

Equities : Severe setback 371

Commodities 372

Commerce Publications Ltd, Manek Mahal, 90 Veer Nariman Road, Bombay 400 020. Telephone : 253505, 253562, 253392.

Subscription rates : Inland—Yearly Rs 200 (Students and teachers Rs 115), Half-yearly Rs 115.

Foreign Airmail—Asia and Africa (including South-East Asian and West Asian countries) £ 37, Japan Yen 21,418, UK and Europe £ 46, USSR Rouble 71, United States US $ 117.

COMMERCE RESEARCH BUREAU

PREMIER CENTRE FOR MONITORING CURRENT DEVELOPMENTS IN THE INDIAN ECONOMY

* The research work of the Bureau is organised through these nine Divisions :

(1) Agriculture,
(2) Industry,
(3) Corporate Sector,
(4) Regional Economics,
(5) Banking and Finance,
(6) International Economics,
(7) Unorganised Sector,
(8) Science and Technology, and
(9) Special Studies.

* Each Division is manned by experts who have specialised in their respective subjects.

* Over the years the Bureau has built up a comprehensive economic data system which is the only one of its kind in the country today.

* Through its studies published in the "Commerce" weekly and its special numbers, the Bureau has established a high reputation for itself.

* Its exclusive and prestigious "Economic Monitoring Service" is subscribed to by some of the foremost organisations in the public and private sectors.

All enquiries may be addressed to
The Director
Commerce Research Bureau
N.K.M. International House
178 Backbay Reclamation
Bombay-400 020
Phone : 241423

PEOPLE

Doshi

Mr Mahip Singh has been appointed managing director of Minerals Exploration Corporation Ltd, a Government of India undertaking at Nagpur. He was earlier director (personnel) at Eastern Coalfields of Coal India Ltd.

Mr Arvind R. Doshi, vice-chairman and joint managing director, Indian Hume Pipe Co Ltd, has been elected president of Indian Water Works Association.

Mr B. K. Ghosh has taken over as managing director of State Bank of Saurashtra.

Mr Jayaramdas Patel has been appointed chairman of Gujarat Industrial Development Corporation, a state government undertaking. Mr Patel is the chairman of Rohit Pulp and Paper Mills Ltd.

Mr C. T. Thakur has assumed charge as general manager of United Commercial Bank.

Thakur

Subrahmanyam

Mr M. R. Subrahmanyam, who has taken over as general manager, Hyderabad Telephones, joined the Indian Telecommunications service in 1960 and after specialising in telephone switching and administration he was assigned to the Calcutta Telephones. He went to Patna in 1972 to work as director of telecommunications, but returned to Calcutta in 1976 to take over as director of switching project, eastern region, from where he has moved over to Hyderabad.

Mr Y. P. Trivedi has been appointed a director of Central Bank of India.

Mr Purushottamdas F. Jhunjhunwala and **Mr Chandrasinh H. Mirani** have been elected, respectively, president and vice-president of East India Cotton Association Ltd for 1981-82.

Mr Baldevbhai Dosabhai Patel has been elected president of Gujarat Chamber of Commerce and Industry for the current year.

Patel

Nagri

Capt B. K. Bhasin has been appointed general manager of Vayudoot.

Mr Rajendra Lodha, a professional chartered accountant, has been appointed a director of Bank of India, Bombay.

Mr M. B. S. Purushottam is the new president of the Electronic Industries Association.

Mr Rajnikant Rasiklal Nagri has been elected vice-president of Gujarat Chamber of Commerce and Industry for the current year.

THE WEEK

The railway budget presented to Parliament o Tuesday will net Rs 261.45 crores through additiona levies. Passenger fares have been hiked steeply to rais Rs 172.60 crores. Another cut of Rs 38 crores is bein effected in the railways' financial allocations for 198 83 from the approved plan outlay of Rs 1,175 crore (See also page 354). ★

The Union Government will reduce the food su sidy from Rs 700 crores to Rs 550 crores in 1982-83. ★

The state-owned Oil India Limited plans to pr duce an additional 3.8 lakh tonnes of crude over th remaining three years of the current plan period, re sulting in foreign exchange savings of Rs 40 crores b the end of 1985. ★

India and the Netherlands signed an agreement t constitute an India-Netherlands Economic Cooperatio Committee for the promotion of bilateral cooperatio in investment, trade and other industrial areas. ★

The Department of Company Affairs will take a tion against large industrial undertakings whose pr duction has exceeded their licensed capacity. ★

India will export two lakh tonnes of sugar in th current financial year and is expected to earn forei exchange of Rs 70 crores on the sales. ★

The Union Government has finalised long cred schemes to boost engineering goods exports to Africa ★

Bihar's plan outlay in 1982-83 has been raised Rs 10 crores because of its anticipated increased sha in central taxes. ★

Oil India has been given another offshore expl ration licence northeast of its present holding in t Mahanadi basin. ★

Postal and tariff rates are being increased aga and will impose a burden of Rs 100 crores on t people. ★

Belgian franc, Danish krone devalued

On February 21, the Finance Ministers of t European Economic Community (EEC) devalued t Belgian franc by 8.5 per cent and the Danish krone 3 per cent.

The Belgian devaluation also applied to t Luxembourg franc which was joined in a moneta union with the Belgian franc in 1923.

US prime rate hiked

On February 17, the prime rate in the Unite States (US) increased by half a percentage point to per cent.

Wholesale price index

At 277.9, the latest available wholesale price ind for the week ended February 6, 1982 showed a fall 0.2 per cent. However, it showed a rise of 4.1 p cent over the year.

COMMERCE

Can railways meet transport requirements?

THE Union Railway Minister, Mr P. C. Sethi, was faced with an admittedly difficult task while framing the railway udget for 1982-83. He could not hold out any hope of any ıbstantial expansion of capacity or improvement in the quality services even after imposing a burden of as much as Rs 51.45 crores (on top of the imposts in December 1981) on the sers of the railways. The railways would have gross traffic ceipts of Rs 4,176 crores during 1982-83 compared with Rs ,542 crores in revised estimate for 1981-82 and Rs 3,277 crores the budget estimate. During 1982-83 the railways would e carrying 230 million tonnes of originating revenue earning oods traffic compared with an estimated 220 million tonnes uring 1981-82. There was an element of bravado in the atement that during 1981-82 the highest ever freight loading was achieved on the Indian railway." In the context of a rowing economy such statements have no meaning. In point f fact the share of the railways in the carriage of freight affic steadily declined from 89 per cent in 1950-51 to 68 per ent in 1977-78. The share of the railways in passenger traffic lso declined from 74 per cent to 41 per cent over the same eriod.

Despite the steep hike in fares Mr Sethi could not "include hany new lines and surveys in the Budget." However, this is ather an understatement as, in fact "only token amounts have een shown as the outlay for 1982-83 against several of the anctioned works". Capacity would be augmented marginally y increasing the load of existing trains which would have the ffect of slowing down trains. It was not clear why the Railway Minister should have left it to the chairman of the Railway Board to warn against a rise in season tickets on suburban ailways if, as Mr M. S. Gujral put it, "there was no way out f it". He asserted that, "if need be there will be a further ncrease" in passenger fares. What remains of the budget if ares are to be raised several times within the course of a year?

The railway passenger fares have been raised by over 5 per cent since 1980-81. This rise is not, however, reflected n any improved amenities for the travelling public nor in any ubstantial extension of the facility of railway travel to new reas. Indeed the condition of travel, whether in the suburban ines, branch lines, or trunk lines, has steadily deteriorated almost in the same proportion as the cost of train travel has gone up. This is apart from major breakdowns like accidents and dacoities and thefts. Overcrowding has since come to be ccepted as a fact of life by both the railway authorities and the travelling public. From the frequency of accidents even death may also have to be conceded as an attendant factor for train travelling. Getting a reservation on a long distance train is almost as difficult as securing a job while touts are visibly around selling reservations in the black market right in front of the booking windows.

About 13,000 kilometres of railway track are in urgent need of renewal and 40,700 wagons and 3,150 coaches are overaged. Similarly steam locomotives need replacement by diesel/electric locomotives. Not very much different is the position in respect of machinery and plant in workshops. The replenishment of the worn-out wagons is very much behind schedule. Against the Sixth Plan target of procuring one lakh new wagons (on an average 20,000 a year) during the first two years ending with March 1982, the total procurement may not exceed 30,000 wagons. During 1982-83 the procurement may yet be lower—just 5,000 wagons. The total procurement of wagons during the Sixth Plan may not be more than 65,000 (of which 50,000 would be replacements and only 15,000 new additions). The limiting factor is, of course, finance.

The railways are so badly off that the Minister, who should in fact be soliciting more fare-paying passengers, himself has to come forward to ask people not to travel by the railways unless, as he chose to put it, "it is a must". It was not clear though on what premises Mr Sethi was putting forward this homily to the public. Travelling requires both money and time and only an insignificant proportion of the people in the country has these two together in abundance. There is no warrant to presume that any significant proportion of their travel represents a joy ride. If is sheer necessity that compels people to brave the rising harassment, uncertainties and dangers of train travel and there cannot be any reasonable expectation of any significant decline in railway travel.

Transport—railway transport included—has to be considered in the general context of the economic growth. To the extent that development—industrial development, in particular—gets localised, the transport system is bound to come under a severe strain which would be impossible to cope with. An increase in the lead of wagons (notwithstanding the marginal improvement during 1981-82) has already created an avoidable pressure on the railway goods traffic. A day's saving in turn-around time represents a saving of Rs 500 crores! And it is not a question of railway transport alone. In the context of a precarious balance of payments it is impossible to view with equanimity an unlimited expansion of motorised road transport (even if that were possible) to consume larger quantities of imported diesel. No segment of the national economy can thrive against the weight of an unthinking national industrial policy. The breaking point—so far as the railways are concerned—may not be very far.

LETTER FROM NEW DELHI

Taxation of Rs 250 crores?

ARVIND BHANDARI

NEW DELHI, FEBRUARY 27

WITH the new Finance Minister, Mr Pranab Mukerjee, due to present his budget this afternoon, the pre-budget speculation mills have at last ground to a halt.

The general expectation is that the policy of some relief in direct taxation, especially to the corporate sector, will be carried forward from the token start made by Mr Venkataraman last year. But how much forward, it is anybody's guess.

Various portents in the situation justify this expectation. Replacement of the less amenable Mr Venkataraman by Mr Mukerjee is ascribed in some important circles to the influence of Mr L. K. Jha, chairman, Economic Administration Reforms Commission, who is said to support some stimulus for business and industry.

Then there is the pressure from the International Monetary Fund, which has just given this country a huge record-breaking loan. On taxation, the Finance Ministry memorandum to the Fund reads: "The major thrust of resource mobilisation would be towards rationalisation of the tax system as it existed now and improved administration and some selective additional tax measures. The total tax revenue had already reached about 20 per cent of the national income and that there was consequently only limited scope for the Union Government to increase tax rates."

When a team of IMF officials visited New Delhi towards the end of January, it had "more than routine" discussions at the Finance Ministry. It is understood that Finance Ministry officials were subjected to close questioning on curtailment in non-plan expenditure, scope for cuts in direct taxes and flexibility in pricing of products of the public sector. Despite these consultations, which have taken place in the context of the loan, it would be wrong to assert, as the West Bengal Finance Minister, Dr Ashok Mitra, has tried to do, that the IMF has had a hand in the formulation of the budget.

It needs to be noted that while the thrust of certain IMF conditions is towards a greater role for the private sector, the Sixth Plan itself places a heavy burden on the shoulders of the corporate sector in regard to resource generation. The corporate sector is expected to generate over Rs 6,000 crores per annum during the next three years against the annual average of Rs 2,000 crores achieved during the first two years. This cannot be possible without some relief in taxation. Moreover, the current buoyancy in revenues also points to the possibility of tax relief.

Another portent in the situation is that having announced its disinclination to increase the monetary size of the Sixth Plan (which would have been necessary to keep its real content intact) the Government has abdicated its responsibility to go in for major additional resource mobilisation. It would probably settle for another Rs 200 crores to Rs 250 crores, going in for selective excise duty hikes and increases in prices of some public sector products.

The pre-budget hikes must also be taken into account. By increasing telecommunication tariffs with effect from March 1, the Government has already netted Rs 100 crores. At the time of writing, a hike in the price of coal is in the offing. This is of a piece with the earlier pre-budget hikes, in railway freight rates in December 1981 and in petroleum products prices in July 1981. All this amounts to effrontery unlimited, against the public and Parliament, and no argument can mitigate the disingenuousness of such governmental behaviour.

Thanks to the bearer bond scheme, which has netted around Rs 800 crores in 1981-82, the deficit has roughly remained at the level stipulated in the earlier budget—Rs 1500 crores. It seems that in the coming budget there would be the same level of deficit financing, although Mr Mukerjee is likely to have, as his predecessor did, a concealed deficit in the form of excessive revenue expectations under various heads. Dr D. T. Lakdawala, former Deputy Chairman of the Planning Commission, has suggested that the budgetary deficit should not exceed Rs 1000 crores. The businessman, always adept at passing the inflationary burden to the next customer, is of course not frightened of the deficit. The FICCI is reported to favour as wide a gap as Rs 2800 crores.

The IMF loan conditionality about keeping government borrowing from the banking sector within a prescribed limit should hardly act as a damper to deficit financing because the approach to fixation of this limit is rather liberal. As fa as the first instalment of the loan is concerned, the prescription of limit on credi to the government pertains to three date —November 1981, February 1982 anc June 1982. While fixing the limit on tota government borrowing—borrowing fron the RBI and market loans etc—fo February 1982 at about Rs 5,900 crore the IMF agreed to an increase of 19 pe cent from the figure that had been fixe for November 1981. Going by this indication, the Government could safely fi a comfortable deficit financing figure i the looming budget and successfully se it to the IMF when the question of fixin the new limit on total government borrowing comes up in June 1982.

However, to the deficit at the Centr must be added the budgetary deficits c the states. A Planning Commission document estimates the total deficit of all th states to be over Rs 1600 crores as c March 31 last year. The states had agree to raise additional resources totalling R 598 crores during the current financi year and the balance next year. B continued recourse to overdrafts hard engenders confidence in their bona fide

The FICCI, as usual, has kept i pre-budget memorandum to the gover ment secret because of the queer noti that advance publicity would mar t chances of concessions. But since all bu nessmen think alike when it comes division of the national cake, memoranc of all chambers of commerce are mo or less the same. Therefore, the follo ing suggestions made in the pre-budg memorandum of the Punjab, Harya and Delhi Chamber of Commerce a Industry are fairly representative of t opinion of businessmen throughout t country:

First and foremost, PHDCCI h gone through the ritualistic exercise demanding that corporate income t should be brought down to 50 per ce although most businessmen know that t government is most unlikely to agree this. Otherwise, various suggestions ha been made in regard to changes in t Income Tax Act. They include:

(1) All assessees other than co panies should be allowed exemption fr income tax on bank deposits interest to Rs 5000 per year.

(2) Non-residents' dividend inco

Continued on page 3

EDITOR'S NOTEBOOK

Vadilal Dagli

HE Government of India has put respectable Gandhian institutions in dock. When it appointed on Febru- 17, 1982 a commission of inquiry to into the working and activities of the ndhi Peace Foundation, Gandhi arak Nidhi, All India Sarva Seva ıgh and other organisations establish- by Mahatma Gandhi or his associates, indicated that Gandhian institutions re now being treated as opposition par- s to the Government. The commission s been constituted to inquire not only o the working and activities of the in- tutions but also into the sources of nds and the type of publications pub- hed by these institutions. The commis- on will also inquire into the manner of ilisation of funds and any misuse by ese organisations. The decision of the overnment of India would suggest the omplete break of the *sarvodaya* move- ıent with Mrs Gandhi and her party. ecently Vinobaji was reported to have dvised the Union Information Minister. Ir Vasant Sathe, to part company with Irs Gandhi if he sincerely supported the an on cow slaughter.

Vinobaji also interestingly com- plained to Mr Sathe that after Mrs Gandhi became Prime Minister again she had not called on him. During emergency Vinobaji kept quiet and thus became an accomplice of injustice. But many *sarvodaya* workers went to prison and *sarvodaya* institutions were treated like the enemy property. When Mrs Gandhi returned to power she had hoped that these institutions would be as pliable as Acharya Vinoba Bhave. But this did not happen. I do not defend the malpractices in Gandhian institutions. With all their deficiencies, it must be said to their credit that the *sarvodaya* workers are selflessly serving the poor of the country. In fact they should welcome such an enquiry and if anything irregular is found they should invite punishment themselves. But in this enquiry there is something more than the normal enquiry. The *sarvodaya* movement should thank itself for this plight. Since independence they have mostly grown on government grants. Gandhiji wanted people's power. *Sarvodaya* organisations, on the other hand, have, by and large, craved for official assistance. On the lips of the *sarvodaya* movement is Mahatma Gandhi, but at the centre of its heart is government grant.

★

INDIANS were the pioneers in modernising the economy of East Africa. In fact, they provided the cheapest business technique to that part of Africa. But they also behaved like typical businessmen. The civilised world was shocked when Idi Amin of Uganda evicted Asians in the most brutal manner. But that step also ruined the economy of Uganda. It is rather sad that Africans secretly applauded Idi Amin because he acted ruthlessly against Asians. When we speak of Asians we mean Indian and Pakistani inhabitants of East Africa. Indians in East Africa are still playing a major role in building up the economies of the countries of the region. But some of them also seem to be behaving like a typical businessman to whom profit is God. The recent startling warning by the President of Kenya, Mr Daniel arap Moi, should be carefully noted by leaders of public opinion in this country. He said:

> *Instead of Indians using their advanced knowledge in business to help Africans improve their profit margins, Asians in this country are ruining the economy by smuggling currency of the country and even hoarding essential goods and selling through the backdoor.*
>
> *I am not discriminating against anybody. But I am against people who are out to enrich themselves through false means....*
>
> *From now on anybody found hoarding or smuggling will be punished severely. If he is an Asian, he will be deported immediately regardless of whether he is a citizen or not...*

So Kenya has become a potential Uganda and the Indian Government should instruct its High Commissioner in Nairobi to watch the situation and advise black sheep among Kenyan businessmen of Indian origin to mend their ways.

★

MR Vladimir Vionovich, the famous humorist and satirical writer, left the Soviet Union in February 1981 after official harassment which made impossible for him to do any creative writing. Recently he broadcast a talk on the state of Soviet writing in Russia. The talk was entitled "If it is boring, it'll be easier to get it published". Writers in the Soviet Union have become bureaucrats and the writers' union meetings are like a 'symmetry'. What do they do? "We move further and further away from literature; on and on about tours, meetings, the struggle for peace, and all sorts of other nonsense which in no way concerns the majority of those in the hall. The majority don't get anywhere near the struggle for peace, which is largely connected with trips abroad and the acquisition there of clothes, taperecorders and kitchen gadgets."

The members of the writers' union are not supposed to write regularly. If they want to write and go ahead what should one do? One writer's wife told Vionovich: "I said to him when he first started: Tolik, make it as boring as you can. If it's boring, people won't be jealous and it'll be that much easier to get it published." Her husband took this wise woman's advice. He now writes foolishly and about fisherman and makes it boring. He doesn't upset anybody and so, without having to argue with editors and censors, publishes a book a year. A book in the Soviet Union is not what it is here. There you get paid regardless of whether anybody reads it or not. You're paid for a book's length and for its print run. The length does still depend to some extent on the author, the print run on the degree to which the book is correct from the Party point of view. The more correct a book, the duller it is and the greater the print run. The longest and most boring books are written by Georgy Mokeevich Markov, the first secretary of the Writers' Union of the USSR, member of the Central Committee of the Communist Party of the Soviet Union, deputy of the Supreme Soviet of the USSR, Hero of Socialist Labour, winner of the Lenin Prize".

If a writer refuses to be a bureaucrat and tries to be original, then, according to Vionovich, this would be his fate: "If a writer stands out sharply from the rest, whether because of the individuality of his style or the depth of what he has to say—in other words, because of his talent—his editors will spend a lot of time working with him in an attempt to bring the book down to the average level. The less success they have in this, the smaller the print run for the book. If they have no success, the book will not come out at all. The writer doesn't like this, of course, and begins to complain and protest. The more he protests, the more displeasure he brings down on himself, and the chances that he'll be published get slimmer and slimmer"

COVER STORY

RAILWAY BUDGET

Fare-freight revision to yield Rs 261 crores

The following is the text of the speech of Mr P. C. Sethi, Union Minister for Railways, introducing the Railway Budget for 1982-83 *with Lok Sabha on February* 23, 1982.

Sir, I rise to present the revised estimates for 1981-82 and the budget estimates for 1982-83 of the railways.

Improved freight operations

At the outset, let me share with the House a few facts about the results achieved by the railways during the current budget year. The innovative and pragmatic measures adopted by the railways last year, and sustained during the current year, have yielded rich dividends in the area of freight movement. In the budget for 1981-82 it was indicated that the railways hoped to move 215 million tonnes of revenue earning traffic, that is, 20 million tonnes more than what was achieved during the previous year. This has already been achieved by the end of December 1981, and it is reasonably certain that the year will close with a tally of around 220 million tonnes, the highest ever freight loading achieved on the Indian Railways. In terms of traffic through-put also, expressed as net tonne-kilometres, a record is expected to be set up at 165 billions, which compares with 147.65 billions achieved in the previous year and the best ever figure of 150.25 billions. Wagon turn-round, the period elapsing between two successive loadings, has reached an impressive low figure of 13.6 days on the broad gauge as against 15.2 days in 1980-81.

Increased attention to movement of freight traffic in train loads, from point to point, also in "express" streams of traffic, bypassing intermediate marshalling yards and so on have helped immensely in improved operations with attendant beneficial effects on the economy of the country, especially in meeting the requirements of the core sector. The transportation needs of steel plants, cement and petroleum industry, thermal power plants, in respect of foodgrains, fertilisers and other essential goods have, by and large, been met. As a result, production has increased all-round and the era of shortages of essential goods has almost been left behind.

Overtaking arrears in maintenance

Vigorous efforts continued to overtake the backlog in maintenance of rolling stock by achieving increased productivity within the existing facilities. Capacity utilisation of workshops for periodical overhaul of coaches was gradually stepped up from 94 per cent in 1980-81 to 98.5 per cent in 1981-82. Likewise capacity utilisation of workshops in which wagons are overhauled was raised from 77.5 per cent in 1980-81 to 90 per cent in 1981-82. By undertaking a planned programme of corrosion repairs to BOX wagons, additional capacity for repairing around 1,000 wagons per month has been generated. Similarly, capacity for overhauling BOX wagons has been raised from 1,600 to 2,500 wagons a month during the year. A crash programme was also launched for inspection of roller bearings and other components the failure of which can lead to accidents.

Condemnation of rolling stock

Eliminating worn out assets at a faster rate than usual was another aspect which received sustained attention during the year. It has been assessed that by the end of the current Plan period 17 per cent of the holdings of coaches on both the gauges, and 10.58 per cent of the holding of broad gauge wagons, as on April 1, 1981, would become overaged. Such stock can cause considerable drop in productivity by cluttering up the capacity available and slowing down operations. It has, therefore, been decided to step up the condemnation, cutting up and disposal as scrap of these overaged rolling stock. In pursuance of this policy, during the year 600 coaches, 18,250 wagons and 550 locomotives are likely to be condemned.

Passenger services

I am aware of the criticism levelled against the railways that the increased attention paid to the movement of freight traffic has led to the neglect of passenger services. I must confess that the results achieved in respect of passenger services have not been as spectacular as those in respect of goods traffic, although the budgeted growth of 3 per cent in non-suburban and 6 per cent in suburban passenger traffic will be achieved.

Limitations and problems

It cannot be denied that increase in the number of passenger trains has not kept pace with the growth of passenger traffic. Owing to inadequacy of financial resources, shortage of coaches, line capacity on various routes and lack of terminal facilities at destinations, it has not been possible to provide any significant relief. However, within the available resources, plans are afoot to create more passenger carrying capacity by hauling trains with two engines, replacement of steam locomotion by superior mode of traction provided by diesel and electric engines, replacement of existing coaches with those of higher capacity, increase in train loads even by marginally decelerating them and so on. Limitations notwithstanding, during 1981-82 (up to December 1981) 43 additional non-suburban and 12 suburban trains were introduced. Andhra Pradesh Express between New Delhi and Secunderabad and Pink City Express between Jaipur and Delhi have been double-headed. New Delhi-Bombay Janata Express and Madras-Howrah Janata Express have been put on diesel traction. The load of New Delhi-Lucknow Gomti Express has been increased to 18 coaches. The scheduled time of Howrah-Delhi Rajdhani Express has been increased by about one hour to permit haulage of 12 coaches instead of 9 coaches. Similarly, New Delhi-Bombay Rajdhani Express has been decelerated by about 45 minutes to increase carrying capacity by 73 seats. The frequency of Howrah-Bombay Gitanjali Express and Howrah-Jammu Tawi Himagiri Express has been increased from 4 to 5 days and 2 to 3 days a week, respectively.

I am sure the House will appreciate our compulsions to continue the policy of slowing down the introduction of additional passenger trains during 1982-83. All the same, I propose to introduce a pair of steam-hauled superfast trains between Jaipur and Agra Fort. It is also proposed to increase the frequency of Madras-Ahmedabad Navajivan Express by a trip per week. The Grand Trunk Express would be double-headed to haul 21 coaches against 16 coaches at present. New Delhi-Bombay Rajdhani Express would also be double-headed to haul 18 coaches as against 10 coaches at present. Double-decker coaches of the capacity of 140 passengers against the normal 80 are also being introduced for increasing the unreserved accommodation on trains.

Shortage of passenger carrying vehicles is at present resulting in substantial underload running of some trains. As an immediate measure, an all-out drive is being initiated to alleviate this by reducing lie-over of trains at terminals, improvement in the formation of train links for better turn-round and rationalising repairs of the passenger coaches with a view to improving their availability.

I have asked both the Chairman and the Member (Mechanical) of the Railway Board to visit major workshops with a view to evaluating the repair and maintenance facilities available and suggesting concrete and practical measures for improving utilisation of the available capacity. I have also instructed the general managers to ensure that at least 10 per cent improvement in the capacity utilisation of the workshops and sheds is positively achieved by the end of the current calendar year.

It is also proposed to introduce progressively one more unreserved second class coach on each mail/express train, other than the Rajdhani expresses, for the benefit of passengers who have to undertake journeys at short notice. This will also save them from falling into the clutches of unscrupulous travel agents.

Accidents

I fully share the concern of the House and the public about train accidents. It is regrettable that the image of the Railways has been tarnished by the recent accidents. My heartfelt sympathies to the helpless victims of these accidents. The management of safety aspect was recently reviewed by me in a meeting of general managers of zonal railways, which I had convened specially for this purpose, soon after I assumed charge of the railways. Massive efforts are being initiated and will be initiated to minimise these accidents. Teams of senior officers drawn from different disciplines have been set up to monitor surveillance of safety aspects of train operations.

A contributory cause of accidents on railways is the heavy accumulation of arrears of replacement of railway track, locomotives, coaches and wagons accentuated by the backlog of repairs and maintenance. It is proposed to deal with these problems on a crash basis. Some of the important steps, amongst others, which I propose to pursue purposefully are: quick improvement of capacity utilisation of workshops and sheds, further acceleration of condemnation of overaged rolling stock and stepping up of renewal of overaged track. Besides, the following measures which are already in operation will be further streamlined and effectively implemented :—

(i) Ultrasonic testing of overaged track at regular intervals;
(ii) Effective use of technological aids like track-circuiting of reception lines and axle counters;
(iii) Enforcement of the compulsory breathlyser test of drivers to prevent them from being at work in a state of intoxication;
(iv) Fitment of powerful flasher lights on all diesel and electric locomotives to warn drivers on adjacent lines against any likely obstruction on account of derailment etc;
(v) Creation of safety consciousness amongst the staff by making more effective use of safety counsellors in identifying and counselling "problem employees" in operational categories;
(vi) Continuance of the full-fledged inspection of trunk routes, with accent on safety, by general managers.

Punctuality of trains

Another aspect of railway operations attracting severe criticism relates to punctuality of passenger train services. I am quite exercised about it. I concede that this is an area where performance must improve. Though a number of measures have been taken to arrest the deteriorating trend in punctuality performance, yet satisfactory improvement in this direction has not been achieved. During the current financial year, from April to December 1981, the overall punctuality performance of mail/express trains has been 85.5 per cent on the broad gauge and 87.8 per cent on the metre gauge as against 84.2 per cent and 85.9 per cent respectively during 1980-81. This subject has also been discussed by me in the recent meeting I had with general managers of zonal railways. I trust by their determined efforts noticeable improvement in punctuality would show up particularly in respect of mail/express trains.

Unauthorised stoppage of trains by alarm chain pulling, failure of rolling stock and other equipment either because of their being in poor fettle or on account of poor maintenance and accidents are some of the major factors affecting punctuality of passenger trains. All these factors are being tackled simultaneously. However, rectification of these require long-term arrangements. With a view to improving the situation urgently, the punctuality of important mail and express trains would continue to be monitored by the Railway Board and I will also be personally checking up the position with them on a weekly basis. Each of these trains would be allotted to a responsible officer on the Railways under a scheme called "Own Your Train" and it will be the responsibility of this officer to look after punctual running of his train.

Railway plan

The railways are now entering the third year of the Sixth Five Year Plan. As the House is aware, the Sixth Five Year Plan of the railways has been termed a 'rehabilitation' plan. In keeping with this, the emphasis in the annual Plan for 1982-83 will also be on renewal and replacement of worn out assets.

Unfortunately, as it stands now,

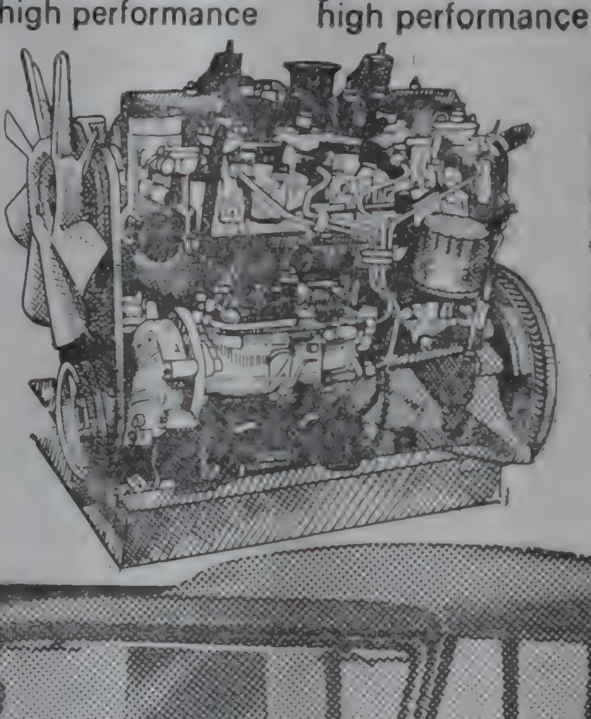
Mahindra now brings you the Peugeot XDP 4.90- a diesel engine of advanced design

Mahindra meets the challenge of the oil crisis, with a superb new, lightweight high performance diesel engine-the PEUGEOT XDP 4.90 with greater fuel efficiency.

This world-famous engine is now being assembled at the Mahindra plant.

The PEUGEOT XDP 4.90 will be fitted initially on the **Mahindra** NC 665 DP Mini Truck, Pick-up Van and Ambulance.

By far the most vital factor is the greater fuel efficiency of this lightweight, high performance engine.

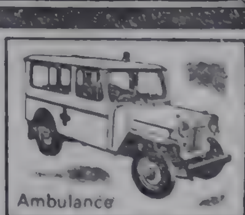


Engine Specifications :

No. of Cylinders	4
Bore-mm	90
Stroke-mm	83
Bore/Stroke ratio	1.08
Displacement-cc	2112
Compression Ratio	22.4:1
R.P.M. (max)	4500
Max. B.H.P.	75
Max. Torque Kg.m.	13.3 @ 2000 r.p.m.
Weight Kg.	184

The Mahindra NC 665 DP Mini Truck fitted with Peugeot XDP 4.90 diesel engine

Pick-up Van



Ambulance

Mahindra & Mahindra Ltd.

COVER STORY

the total outlay for the plan period is only Rs. 5,100 crores. With the increases in costs, especially of items used on the railways, the physical content of the plan in real terms has substantially dwindled. Keeping in view the important consideration that procurement of specialised items of stores, maintenance of rolling stock and execution of projects involve considerable lead time, the plan allocation for 1982-83 has been fixed at Rs. 1,137 crores. It is hoped that considering the crucial role of the railways in the economic development of the country it would be possible for some more allocations being given to the railways during the course of the year.

New lines and surveys

During the monsoon session of the Parliament my predecessor had approached the House for supplementary grants for undertaking construction of a number of new railway lines such as Budge Budge-Namkhana, Nangal Dam-Talwara, Jammu Tawi-Udhampur, Karur-Dindigul, Chitradurg-Rayadurg, Koraput-Rayagada and for some conversions from metre gauge to broad gauge, estimated to cost about Rs 297.22 crores. With limited Plan funds being available, it has not been possible to include many new works in the Budget for the next year.

New lines and conversions opened for traffic

Subsequent to presentation of budget for 1981-82, 155 kilometres of new lines have been opened to traffic. The sections covered by new lines are Tirunelveli-Nagercoil, Sukhinda-Daitari and Bibinagar-Nalgonda. Another 90 kilometres of new lines are likely to be opened to traffic shortly. Of the gauge conversion projects, 421 kilometres of the main metre gauge trunk route Barabanki-Samastipur has been converted into broad gauge and opened to traffic during the year. This has facilitated direct broad gauge link for a number of places in UP and Bihar States with the rest of the country. Another major conversion project which is being accelerated is from Viramgam to Okha and Porbandar.

Though stringency of resources is a real constraint, yet keeping in view developmental aspects, I intend taking up construction of the following few new lines and conversion projects at an estimated cost of Rs 77.60 crores :

(1) Construction of gauntleted line with mixed (broad and metre) gauge from Suratgarh to Sarupsar and conversion of metre gauge line into broad gauge from Sarupsar to Anupgarh (78 kms) Rs. 16.64 crores

(2) Conversion of Suratgarh-Bikaner metre gauge section into broad gauge (182 kms) Rs 36 crores

(3) Construction of (a) a bypass line connecting Rajpura-Bhatinda line with Delhi-Bhatinda line by linking Phusmandi with Katarsingh Wala and Rs 2.96 crores

(b) a bypass line connecting Delhi-Bhatinda line with Bhatinda-Suratgarh line avoiding Bhatinda.

(4) Construction of a metre gauge railway line from Bhuj to Naliya with BG substructure (110 kms) Rs 22 crores

Of the allocated amount of Rs 1,137 crores, nearly 50 per cent would be spent on replacement/renewal account. The position today is that about 13,000 kms of railway track are in urgent need of renewal and 40,700 wagons and 3,150 coaches are overaged. Similarly, steam locomotives need replacement by diesel/electric locomotives. Same is the position in respect of machinery and plant in workshops. This would necessitate generation of additional internal resources for augmenting the Depreciation Reserve Fund, which has already reached a very low level.

Owing to the paucity of resources it has been possible to include only a few new Surveys which are listed in Annexure 'A' to Demand No. 2 in the Book of Demands for Grants (Part II).

Since the on-going and sanctioned projects and surveys are far too many in number, which cannot be accommodated within the resources becoming available, I am compelled to adopt the rational policy of utilising the scarce resources judiciously and complete a few of the projects at the earliest so that the nation can derive the benefit of the investments rather than spreading the funds thin on a large number of projects. It is in keeping with this policy that only token amounts have been shown as the outlay for 1982-83 against several of the sanctioned works. Basically this policy will be applied to the surveys as well.

Electrification

Railways have an accelerated programme of electrification. Work has already commenced on more than 2,250 kms on the main trunk routes. Every possible effort is being made to electrify these routes in about 3 to 4 years time. Proposals are also on the anvil for sanctioning further electrification schemes on the main routes covering another 1,138 kilometres for the following sections :

	kms
Itarsi-Bhusawal	301
Itarsi-Nagpur	298
Balharshah-Wardha	133
Kazipet--Sanatnagar	167
Bhopal-Nagda	239

With these, the entire trunk route between Delhi and Madras, Delhi-Bombay via Central Railway as well as Delhi-Secunderabad would get fully electrified.

During 1981-82, Waltair-Kirandul section (387 kms) has been energised.

Metro Railway

An outlay of Rs 55 crores is likely to be made on metropolitan transport projects during the current year against Rs 33.76 crores spent last year. The allocation for the next year is Rs 50 crores. Trial runs between Dum-Dum and Belgachia on Calcutta Metro Railway are being made. Work on other sections is also progressing satisfactorily. The progress of work on Delhi Ring Railway is ahead of the schedule and this system would become operational by June this year well in time for Asiad '82.

Research and development activities

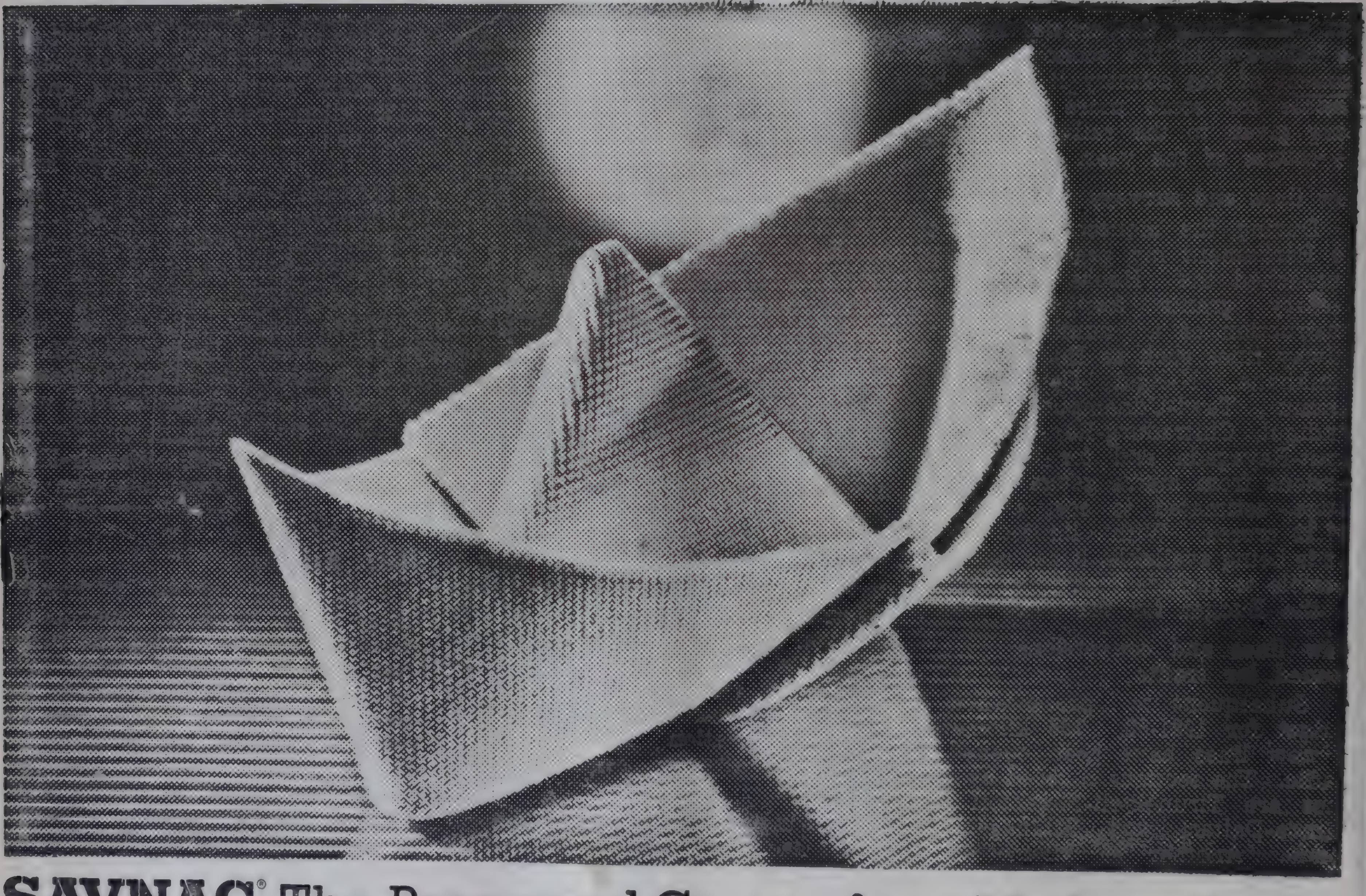
The Railway Research, Designs and Standards Organisation at Lucknow is actively engaged on development of new designs of electric and diesel locomotives, wagons and coaches to keep in line with the latest technology for meeting the growing and special needs of the railways. The latest in the series is the development of a proto-type electric locomotive for haulage of Rajdhani Express trains. A design of an air-con-

SOAK IT! It won't let a drop through for minimum 18 hours.

FOLD IT! It won't fray or tear off.

USE IT IN ANY WEATHER!
It won't rot or rust.

MCL-537



SAVNAC® The Processed Canvas from Madura Coats

Savnac, the chemically waterproofed canvas, is the one most trusted by the Defence Forces for jeep hoods, tents and tarpaulins. The most suitable for vestibule covers and rickshaw hoods.

Used also for boots, raincoats, bus curtains, boat covers, life belts. For camp cots, kit bags, holdalls and suitcases.

Available in green, olive green, khaki, black, red, blue, orange and in colours of your choice. In waterproof and rot-proof finish, as required. Exported to Russia and several other countries around the world.

With comprehensive technical service—from special product development to after-sales service.

Madura
Coats
LEADERS IN
TEXTILES

For further details, write to:
Madura Coats
Industrial Textiles Group,
P.O. Box No. 35, Madurai 625 001.

ditioned double-decker coach has been finalised; this will eliminate the problem of inadequate ventilation in the existing design of these coaches. A design of wagons suitable for heavier and longer trains of 7,500 tonnes has also been developed. For fixing the priorities of various research and development programmes, a corporate plan for this Organisation has been drawn up.

Catering

Catering services on Railways is another important area attracting constant public complaint. Both efficiency of service and quality of food have to be improved. Some of the aspects needing attention are: adoption of modern culinary techniques; use of modern kitchen gadgets and equipment; ensuring of cleanliness of kitchen establishments; training of catering staff; surprise checks for detection of adulteration of food; and prompt investigation of public complaints for taking up corrective action.

Container service

I am glad to inform the House that a major step forward towards facilitating movement of import and export traffic in ISO containers was taken during the year with the pilot project of an Inland Container Depot at Bangalore becoming functional in August, 1981. Movement of ISO container traffic is rapidly progressing both ways between Bangalore Cantt and Madras. The second pilot inland container depot for which necessary infrastructural facilities have already been completed at Pragati Maidan, New Delhi, is expected to be commissioned shortly. Keeping in view the growing needs of international traffic, several inland container depots have been planned at other centres in the country and techno-economic surveys have already been undertaken for developing such facilities at Tughlakabad and Ahmedabad.

Tourism

The House will recall that during the budget speech last year my predecessor had announced that the railways would undertake a special programme for development of tourism. To implement this programme, a separate Directorate of Tourism was set up in the Railway Board from May 1981 for devising measures aimed at offering convenient, comfortable and attractive rail travel facilities to foreign tourists. A pilot project — Palace on Wheels — is proposed to be launched from October this year in association with the Government of Rajasthan. I had the privilege of flagging off the promotional journey of this train on the January 26, 1982. Depending on the experience gained, it is hoped to introduce in a phased manner similar special tourist trains in other parts of the country in cooperation with the concerned state governments.

Other measures for promotion of tourism under consideration include plans for opening of outlets abroad for the sale of INDRAIL tickets which offer unlimited travel by rail, provision of the facility of advance reservations of rail journeys at various overseas centres, preparation of special tourist time-tables offering a selection of itineraries of varying durations etc. These measures would be supplemental to the overall tourism promotion schemes of the Ministry of Tourism and Civil Aviation for increasing the flow of tourists to India and for helping in augmenting the country's foreign exchange resources which are already under severe strain.

International railway cooperation

It was an important event in the history of Indian Railways, when, on their initiative, the sixth session of the conference of top railway executives of Asia and the Middle East (TREAME) was organised in October last. 18 countries of the region participated in the conference. It provided a unique opportunity for senior railway officials to have a constructive exchange of views, share their experience and adopt a constructive programme of action for greater cooperation among these international railways. It is also proposed to launch an Asian Railway Decade for undertaking common action in the field of tourism promotion, development of inter-modal traffic and other related fields of railway transport.

These international exchanges would greatly help the Indian Railways in a variety of fields.

Crimes affecting safety of railway passengers

The problem of crimes affecting the safety and security of railway passengers and their belongings has been causing deep concern. I want this problem to be tackled effectively within the shortest possible time. We are already helping the state governments to augment the strength of the Government Railway Police by the railways sharing 50 per cent of the cost. Some of the measures taken to check incidence of robberies/dacoities in trains are escorting of important passenger trains at night by armed guards of the Police, patrolling at stations, platforms, waiting halls, surveillance over criminals and known bad characters, setting up of special squads of the CID by certain state governments for effective investigations of important crime incidents etc. Investigations are also being made to improve the safety locking arrangements in the compartments and provision of flasher lights outside ladies' compartments, improvement in vestibules to prevent unauthorised entry etc. I also propose to hold a conference of chief ministers of the state governments for discussing this important problem and to devise ways and means of reducing the incidence of crime to the minimum possible.

Reservation of berths

I am fully alive to the malpractices prevalent in the booking offices for reservation of berths and seats and certain unscrupulous travel agencies operating in collusion with railway staff. I propose to intensify vigilance checks and devise ways and means of plugging the loopholes to the extent possible. One major factor which is contributing to the malpractices in the reservation offices is demand for berths outstripping the availability of space in the trains.

Industrial relations

It must be recognised that it is the man behind the wheel who keeps it moving. The present high level of productivity reached by the railways would not have been possible but for the unstinted cooperation and dedicated service rendered by all ranks of railway workers. The year

COVER STORY

1981-82 was indeed a unique year when industrial peace prevailed in the railway sector.

In this vital field, enlightened management has to play a key role. It becomes their prime duty to take constant care of the staff working under them and make every possible efforts to settle grievances by negotiations rather than allowing them to become grounds for agitations. I would like the railway management to continue to pursue this policy of harmony in labour relationship meaningfully.

From August 1, 1981, certain substantial improvements in the rates of running allowance and restructuring of cadres for running staff were brought about. This improved the emoluments of nearly a lakh of running staff at an estimated cost of over Rs 10 crores per annum. It is for the first time that an in-built incentive element for running staff to move trains quicker and incidentally earn more has been introduced.

We have also solved the problems of statutory canteen employees by classifying them as railway employees from October, 1980. This will provide them substantial benefits.

Special efforts were also made during the year to improve on the induction of scheduled castes and scheduled tribes in railway services. By the end of March, 1981, 3.3 lakh scheduled caste and scheduled tribe employees were in regular service on the railways. As a percentage, it works out to 20.9 per cent of the total railway staff.

There were 2.6 lakh casual labourers on the Indian Railways at the end of 1980-81 who were awaiting absorption in regular service. Instructions have been issued to the railways to fill up group 'D' posts essentially from amongst this class of workers. A number of posts have been created for this purpose. This programme of absorption of casual labour in regular service is now being undertaken in a phased manner.

In accordance with the Railways' policy of providing quarters to staff on a programmed basis, construction of 8,263 units of quarters is expected to be completed during the year 1981-82. With the addition of these units, the cumulative total number of quarters on the Railways at the end of the year will be about 5.76 lakhs. Another 7,144 additional units are proposed for construction during 1982-83.

Adequate attention is being paid for improving health standards and treatment of sickness of railway employees by modernisation of railway hospitals at Bombay, Jamalpur, Sealdah, Allahabad, Jodhpur, Moradabad, Lumding, Chakradharpur, Bondamunda, Ajmer, Sonepur, Vijayawada and Bangalore at a cost of Rs 1.30 crores. 204 additional beds would be provided in the various hospitals as well. The construction work on setting up a Railway Cancer Institute at Varanasi is likely to be completed by the end of 1982-83. This will go a long way in providing medical relief to railway cancer patients.

Public sector undertakings

The two public sector undertakings under the administrative control of the Railway Ministry *viz* RITES and IRCON have made rapid strides during 1981-82. RITES is likely to achieve a turnover of Rs 14 crores during 1981-82 as compared to Rs 10.6 crores in 1980-81. The company is continuing to show profits and declared a dividend of 25 per cent during 1980-81. It has on-going assignments in Nigeria, Iraq, Jordan, Philippines and Ghana. Recently the company bagged a major contract in Zimbabwe and contracts for management support in Mozambique and Zambia have commenced. Contracts for survey of new lines in Algeria and Iraq have also been secured. In short, the company has successfully established itself as a front line consultancy firm in the international field.

The business of construction work secured by IRCON during 1981-82 is likely to exceed Rs 310 crores as against Rs 69.3 crores during 1980-81. This company is expected to earn a profit of Rs 140 lakhs during 1981-82. Recently it achieved a major breakthrough in securing a highly prestigious work for the construction of a railway line costing about Rs 225 crores in Iraq against stiff international competition. It has also bagged a contract for supply of signalling spare parts for Nigerian Railway Corporation.

Year of productivity

As the House is aware, 1982 has been declared a productivity year. Productivity registered substantial improvements in various facets of railway working during 1981; this happy trend will be maintained during 1982 and improved upon.

Safe running of trains, which is vital not only for restoring the faith of the people but also for achieving still higher productivity, will receive the highest priority at my hands. My colleagues and I, and the chairman and technical members of the board intimately connected with the safety aspect, will visit all the divisions of the railways on a programmed basis to inculcate safety consciousness at all levels and to locate and rectify on-the-spot lacunae in the implementation of procedures and short-circuit methods of working adopted at the field level. These visits will be preceded by detailed inspection of the divisions by high level monitoring teams functioning directly under the Railway Board.

Freight train operations will further be streamlined. The policy of closure of steam locomotive repair sheds, consequent on the change of mode of traction to diesel or electric, will be pursued vigorously. Transit time will be reduced by closure of intermediate marshalling yards in cases where they have become redundant under the changed operating pattern, or by bypassing them. Efforts are also on to close down transhipment and repacking points wherever possible to avoid unnecessary detentions to wagons, as also thefts and pilferages.

A new thrust will be given to the rationalisation of the system of moving parcels. It is proposed to organise parcel "liners" for carrying parcels on a nominated day in the week on important routes, in full "jumbo" rakes on guaranteed transit time schedule. It is also proposed to initiate a scheme of "own your space" for carrying parcels on important passenger trains. Under this scheme, the space will be specifically earmarked for a major customer on request by charging higher parcel rates.

The drive against ticketless travel will be pursued vigorously, as also the effort for minimising claims or compensation on account of thefts nd pilferages.

Higher targets have been laid down for stepping up the revenue earning goods traffic to 230 million tonnes, net tonne-kilometres to 168 billion, and so on. Every one of the efficiency indices will be closely watched and monitored purposefully to ensure that higher productivity all round is achieved during the year. It is proposed to institute a productivity shield to be given, as a national award, to the zonal railway which shows maximum improvement during the year in overall efficiency, on the basis of prescribed efficiency indices.

I have already directed the general managers of the railways and production units to initiate measures to achieve a 10 per cent improvement in productivity all round.

I have directed the Railway Board to examine the feasibility of inducting an expert engineering body to have a close look at the layout of the railway workshops, the incentive scheme in force and the procedures that have come into force over the decades so as to assess what is needed by way of revamping and reorienting the practices and procedures to achieve the much-needed improvement in productivity coupled with adequate quality control.

I also propose to launch a massive drive for tree-plantation in railway premises, and to create a suitable machinery at a reasonably high level by suitable readjustments to make this effort a purposeful one. Railways, with the extensive resources of land and manpower, should be able to achieve significant results in this regard.

In short, my aim will be to ensure increased productivity all round, through disciplined, sincere and conscientious efforts on the part of all railwaymen. In this we will adopt as our motto the slogan suggested by our venerable Prime Minister, Smt Indira Gandhi, namely "Shram Eva Jayate".

FINANCIAL REVIEW

Before I present the revised financial results of the current year, and what I foresee for the next year, let me, as is customary, make a review of the financial results of the last completed year.

Actuals for 1980-81

The revised estimates of gross traffic receipts for 1980-81 and total expenditure were anticipated to be Rs 2,707.22 crores and Rs 2,435.13 crores, respectively. When the financial accounts of the year were finally closed, the gross traffic receipts fell short of the revised estimates by Rs 83.20 crores and the total expenditure went up by Rs 61.40 crores.

Of the shortfall in gross traffic receipts, freight traffic alone accounted for Rs 70.59 crores. Another factor contributing to the variation was unrealised earnings going up by Rs 11.26 crores. In physical terms, the freight traffic carried was in fact 0.94 million tonne more than what was anticipated in the revised estimates. The shortfall in financial terms was attributable to a slight change in the product-mix and an optimistic assessment of the yield of revenue for every million tonne of goods carried. The unrealised earnings, namely what remains under traffic suspense also went up as some state electricity boards and other public sector undertakings could not pay the railway dues before the close of the financial year.

Working expenses registered an increase simultaneously with the enhancement of the traffic effort, necessitating large scale repair activities for bringing back the sick rolling stock into service, which in turn meant heavier consumption of repair materials. Increases in the costs of rolling stock spares, components and miscellaneous stores also added to the over-run.

Revised estimates 1981-82

The budget estimates for 1981-82 placed the gross traffic receipts at Rs 3,276.75 crores. Deducting the value of concessions amounting to Rs 3.40 crores announced while winding up the general debate, the gross traffic receipts got reduced to Rs 3,273.35 crores. The latest anticipation is that the gross traffic receipts may now be around Rs 3,541.80 crores *i.e.* Rs 265.05 crores more than in the original Budget. This takes into account the additional earnings both on account of adjustments in fares and freights made during the year and increase in traffic carried.

The working expenses are expected to be Rs 250 crores more than what was indicated in the budget (Rs 2,464.64 crores). The increased expenditure has essentially arisen out of certain post-budgetary factors like grant of additional instalments of dearness allowance to staff coupled with steep increase in cost of petroleum products including diesel oil, steel and other inputs. Parliament has already approved of supplementary demands for grants aggregating Rs 186.79 crores (net). The balance of Rs 63.21 crores is sought to be adjusted through the revised estimates.

The surplus for the year which was earlier estimated at Rs 49.89 crores is now expected to be Rs 51.84 crores. After appropriating Rs 46.13 crores on expenditure chargeable to development fund, the net available surplus would be Rs 5.71 crores which would be adjusted against the outstanding deferred dividend liability.

BUDGET ESTIMATES FOR 1982-83

Higher targets of traffic

The Railways hope to reach another milestone during 1982-83 by carrying 230 million tonnes of originating revenue-earning goods traffic. A growth rate of 5 per cent in suburban and 3 per cent in non-suburban passenger traffic is also envisaged during the year.

Based on these vital assumptions, the budget year 1982-83 is expected to yield gross traffic receipts of Rs 3,914.34 crores *i.e.* Rs 372.54 crores more, at the existing level of fare and freight rates, than the revised estimates of 1981-82.

The ordinary working expenses are estimated at Rs 3,052.90 crores *viz,* Rs 338.26 crores more than the revised estimates of 1981-82. This figure reflects the effect, for the whole year, of the increases in prices of diesel oil, electricity, additional dearness allowance instalments, ration subsidy to staff of railway protection force, etc which have taken place on varying dates during 1981-82. Some provision for covering the increases in prices of other consumable stores has also been included in the estimates. Besides, additional expenditure arising out of increased utilisation of capacity of workshops and sheds for repairs and maintenance to rolling stock to overtake partially the heavy backlog in maintenance, vitally needed for safety of operations, has also been provided for. Provision has also been made

COVER STORY

for additional expenditure to meet the needs of higher level of goods and passenger traffic. The additional expenditure has been assessed keeping in view the impact of the economy measures adopted by the railways.

Economy in expenditure

Economy in expenditure has been engaging our utmost attention. To ensure effective control over expenditure, an additional general manager on each railway and an additional divisional railway manager on each division has been entrusted with this job exclusively. Detailed instructions continue to be given to the general managers by the Railway Board identifying the areas where economy cuts could be applied so that wasteful expenditure is eliminated to the maximum extent possible. The Railway Board is also keeping a close watch over their implementation. As a result of these sustained economy efforts, Rs 43 crores by way of recurring and non-recurring expenditure have been saved to end of December, 1981.

It is proposed to step up the contribution to depreciation reserve fund from Rs 350 crores in 1981-82 to Rs 500 crores in 1982-83. This becomes absolutely necessary for progressing the rehabilitation of critical operating assets. This will enable a slightly faster clearance of accumulation of arrears of renewal of track, signalling and telecommunication equipment, over-aged coaches, wagons and locomotives and contribute towards safer running of trains and removal of speed restrictions for movement of traffic, within the overall constraints imposed by the Plan allocation. I would have liked to provide for a far greater amount but the overall constraints are a limiting factor.

Appropriation to pension fund is also sought to be raised from Rs 100 crores in 1981-82 to Rs 150 crores in the budget for 1982-83 to meet the higher incidence of pension payments arising out of increase in emoluments of employees and payments of dearness allowance instalments to pensioners etc.

The total working expenses thus aggregate to Rs 3,666.64 crores against gross traffic receipts of Rs 3,914.34 crores, yielding a net revenue of Rs 247.70 crores. This would not be sufficient to meet the following liabilities. The anticipated dividend liability is Rs 405.12 crores. Besides, Rs 109.79 crores would be required for meeting expenditure chargeable to development fund and part liquidation of indebtedness to general revenues. The indebtedness to general revenues both under development fund and deferred dividend liability would aggregate to Rs 597.74 crores at the end of 1981-82. Carrying this heavy debt liability year after year adversely affects the overall financial resource position of the Railways. It is, therefore, essential to make a beginning in the discharge of this long outstanding indebtedness. Furthermore, this is an essential requirement of sound financial management. If all these factors are taken into account, the gap in resources would be Rs 261.45 crores.

I may draw the attention of the House to the fact that subject to any adjustments that may become necessary later on, the budget projections for 1982-83 have been generally based on the recommendations of the Railway Convention Committee applicable up to the year 1981-82, except in regard to the need-based stepping up of the contributions to the depreciation reserve fund and the pension fund. The Railway Convention Committee's approval to these increases and the continuance of the existing arrangements, pending finalisation of their recommendations, has been sought.

The magnitude of the problems detailed above has compelled me to reach certain hard decisions in the overall financial interests of the country and the Railways.

PROPOSALS

Before I delineate my proposals, it appears necessary to explain the basic factors which have widened the gap between cost of transportation and its recovery through the present fare structure. Amongst the transport services rendered by the railways, passenger and other coaching services are heavily subsidised, particularly suburban services and second class ordinary. Presently, the quantum of annual subsidy on these services is as high as Rs 416 crores. Even though some fare revisions took place in July 1980 and April 1981, these revisions were still far below the economic level. The continued exemptions from the surcharge of 10 per cent introduced from July 15, 1980 for travel up to 100 kms and 5 per cent surcharge from April 1, 1981, for travel in second class ordinary up to 200 kms have further widened the gap between cost of service and recovery. Since the tariff is being artificially kept low, the railways are being hard put to render the service expected of them.

The National Transport Policy Committee and the Rail Tariff Enquiry Committee have both stressed the imperative need for rationalisation of fare structure and its alignment with cost. The National Transport Policy Committee has even pointed out that the railways' cost of carriage of short distance passengers is much higher than that of the roadways and, therefore, there is need for the railway tariff being restructured so as to discourage short distance traffic coming to the Railways. Besides, the railway fares are far lower in comparison with the fare charged by the road transport services. In the overall interests of national economy, it is considered prudent that this imbalance should be progressively corrected.

Rail transport is going to be under severe strain because of appreciable increases taking place in productivity in the industrial and agricultural sectors. Naturally, the demand of freight traffic must have precedence over passenger traffic. Travel should be undertaken only when it is a 'must'. This would also be a welcome step in reducing overcrowding.

I am also of the firm conviction that any increase in fare and freight rates should not unduly burden the common man. I have, therefore, decided to completely exempt monthly season tickets—first class and second class, suburban and non-suburban—from the proposed fare hike, despite all the economic and financial considerations pointing to the contrary. I am sure the House will appreciate this gesture on my part at considerable sacrifice to the railways. My proposals for raising additional resources are :—

Second Class Ordinary (Suburban and non-suburban, other than season tickets)

(a) The exemptions given with

effect from July 15, 1980 (from 10 per cent surcharge up to 100 kms) and from April 1, 1981 (from 5 per cent surcharge up to 200 kms) are proposed to be withdrawn and the fares rounded off to the next higher multiple of 10 paise.

(b) It is also proposed to revise the fares of this class from 1-4-82 as under :—

(i) fares up to 400 kms will be increased by 4 paise for each block of 5 kms;

(ii) fares from 401 kms to 800 kms will be increased by 3 paise for each block of 5 kms; and

(iii) for distances over 800 kms the fare will be raised by 2.5 paise per 5 kms.

(c) The minimum fare will be raised from 50 paise to 70 paise.

Second Class Mail/Express (other than season tickets)

I also propose to increase the fare for this mode of travel on the same basis as for Second Class Ordinary.

The minimum charge will also be raised from Re 1 to Rs. 1.50.

Air-conditioned Chair Car

It is proposed to increase the fare for this class as follows :—

(a) up to 250 kms No change.

(b) 251 kms. and above Increase by 2 paise per km

First Class and AC Two-tier Sleeper

It is proposed to increase the First Class and AC two-tier sleeper fares as follows :—

(a) up to 250 kms No change

(b) 251 kms and above Increase by 2 paise per km

Surcharge on Air-conditioned 2-tier Sleeper

At present a surcharge is levied at Rs 15 up to a distance of 1,000 kms and Rs 25 for longer journeys. It is proposed to re-adjust the levy of surcharge as under :— up to 500 kms, Rs 15 per ticket; 501 to 1,000 kms, Rs 25 per ticket; 1,001 to 1,500 kms, Rs 40 per ticket; and 1,501 kms and above, Rs 50 per ticket.

Air-conditioned Class

It is proposed to increase the fares for this class by 10 paise per km for journeys above 80 kms subject to a maximum of Rs 40 per ticket.

Sleeper surcharge

At present this charge is Rs 5 per night for the first two nights, with no additional charge for the subsequent nights. It is proposed to raise this to Rs 8 per night for the first two nights, without modifying the condition regarding the subsequent nights being free.

Surcharge on superfast trains

These trains provide higher standard of comfort and give considerable value in the form of saving of time to the users. It is proposed to upgrade the surcharge as under:— Air-conditioned class, From Rs 20 to Rs 25; First class and AC two-tier sleeper, From Rs 10 to Rs 12; AC chair car, From Rs 6 to Rs 12; and Second class sleeper, From Rs 2 to Rs 6.

There will be no change in the surcharge for second class sitting accommodation on these superfast trains.

Adjustments in Rajdhani fares

It is proposed to increase the fares for air-conditioned class and two-tier AC sleeper by 20 per cent and AC chair car by 25 per cent.

Eligibility for free travel by children

To avoid misuse of the facility and disputes, I propose to reduce the age-limit for free travel by children from the present 5 years to 3 years. This is in fact only a restoration of the earlier age-limit which was increased during the International Year of the Child.

Changes in parcel freight structure

It is proposed to implement the Rail Tariff Enquiry Committee's recommendations on the parcel freight structure. This committee had pointed out that the railways had incurred a loss of Rs 25 crores in 1976-77 for the carriage of parcel traffic and there were no compelling social grounds for running the services at a loss. It is proposed to group the parcel traffic into six groups against fourteen at present with a separate scale or norm for charging. Relevant details of the basic scales and the charge per quintal have been given in the memorandum explaining the proposals for adjustments in freight rates and fares, placed on the table of the House.

Freight charges

The exemptions from levy of supplementary charges from April 1, 1979, July 15, 1980 and April 1, 1981 allowed in respect of certain commodities are proposed to be withdrawn so as to rationalise the freight rates. While withdrawing the exemptions it has been ensured that firewood, medicines, fodder (other than oil cake), kerosene oil and safety matches continue to enjoy the exemptions.

Some special concessional freight rates are in force for transportation of bananas and oranges. The existing concessions will be allowed to continue up to June 30, 1982, whereafter they will be withdrawn.

The revisions proposed will further narrow down the gap between the prevalent fare and freight structures and those recommended by the Rail Tariff Enquiry Committee. Those recommendations, especially in regard to fares and freights can be fully implemented only over a period of time, quite extended in some cases as in the case of season ticket fares, and, therefore, any small steps taken now will help in reducing the time-lag.

Financial Results

The anticipated additional annual revenue from these revisions is Rs 172.60 crores from passenger traffic, Rs 12 crores from luggage and parcels and Rs 76.85 crores from freight traffic making a total of Rs 261.45 crores, which would just cover the gap between traffic receipts and revenue expenditure, payment of dividend to general revenues, development fund expenditure and very limited liquidation of indebtedness to general revenues. It will be appreciated that I have not provided for any additional resource mobilisation except to the extent required for balancing the revenue budget as explained.

Conclusion

I am grateful to the members for listening to me patiently. I can only assure them that I will leave no stone unturned in improving the functioning of our largest transport undertaking in all the facets of its working. I am sure that the railwaymen at all levels will rise to the occasion and successfully meet the challenges facing them, as they have done on several occasions in the past.

STANROSE

SUIT-ABLES

Stanrose know
how to separate
the men from
the boys.
With fabrics
for soft shirts,
impeccable jackets,
keen-as-a-blade
trousers.

For men
and for women.
Stanrose Fashions.

Suitings, shirtings,
sarees, dress materials.

STANROSE
fabrics

Standard
Mills

Mafatlal
Apparel

Surat
Cotton
Mills

everest/81/SM/341

Special Reports

Railway finances in parlous state

NEW DELHI

SO persistent were the newspaper reports about the impending hike in passenger fares during the run-up to the railway budget that when the Railway Minister, Mr Prakash Chand Sethi, actually presented to the Lok Sabha on February 23, his proposals incorporating the increases, it was generally taken as a confirmation of the expected. In fact the opposition in both houses of Parliament alleged that the budget had been leaked.

In living memory, this is perhaps the steepest hike in passenger fares. Increases have been effected all along the line, although the distribution of the additional burden has been such that it falls more on those who travel in the higher classes. Apart from the obvious fact that the railways need money, the rationale advanced for the hike is that passenger fares are heavily subsidised. According to the Railway Board chairman, Mr M. S. Gujral, even after the proposed increases passenger fares remain substantially subsidised. The subsidy on passenger fares increased from Rs 330 crores in 1980-81 to Rs 416 crores in 1981-82. But the additional income estimated from the newly proposed increases is only Rs 172.65 crores. The fares are claimed to be still below the level recommended by the Rail Tariff Inquiry Committee. It is further contended that increasing of railway fares is in consonance with the recommendation of the National Transport Policy Inquiry Committee that passengers for short distance travel should be diverted to road transport.

With Rs 12 crores expected because of the upward revision of the parcel freight structure and another Rs 76.85 crores because of adjustment in freight rates so as to withdraw the exemption from supplementary surcharge in respect of certain items, the additional revenue proposed to be mobilised comes to Rs 261.45 crores. But to get a full idea of the exactions of the railways in a single year account should be taken of the pre-budget freight rate hike of December 1981. Since the accrual from this in the last quarter of this financial year has been estimated at Rs 80 crores, it means that in a full year the hikes effected in December would yield Rs 320 crores. Thus the actual burden of the levies being imposed by the railways in the coming financial year is a little over Rs 581 crores. This is not only a staggering figure but also makes a little ridiculous the Railway Minister's assertion : "I have not provided for any additional resource mobilisation except to the extent required for balancing the revenue budget as explained".

If the railways must impose such a heavy burden on the public, it is obligatory for them to improve their efficiency. Some improvement is, of course, discernible. The wagon turnround time has come down from 16.6 days in 1980-81 to 12.7 in 1981-82. The revenue earning traffic in this closing year is estimated at 220 million tonnes against a target of 215 million tonnes. While the improvement recorded has been noticed and appreciated, there is no cause for brouhaha. If the various projections and a persistently high running expenditure are any indication, efficiency of the railways is still below the requisite standard. The Railway Board chairman has declared that 1982 will be observed as a productivity year and assured that efficiency will be improved by 10 to 25 per cent. It is to be hoped that word would be matched by deed. In India wagon does only 100 km a day while in the Soviet Union and China the daily distance covered is 529 km and 320 km respectively. In France, a locomotive does 25,000 km per month while in India the average is 7,000 to 8,000 km. Interestingly, these figures have been referred to by Mr Gujral himself.

Bombay spot exchange rates of currencies as on 23-2-82

(Currency units per Rs 100)

Country	Currency	Selling T.T.D.D.	Buying T.T.clean
Australia	A. $	9 830	10.050
Austria	A Schilling	175 20	179 00
Belgium	B. Franc	455 00	465 50
Canada	C. $	12 970	13.235
Denmark	D. Kroner	83.55	85 20
France	Franc	63.90	65 25
Hong Kong	H.K. $	62 85	64 20
Italy	Lira	13.395	13.685
Japan	Yen	2475	2520
Malaysia	M. $	24 48	24 97
Netherlands	Guilder	27 50	28 07
Norway	N. Kroner	63.35	64 65
Singapore	S. $	22.33	22 79
Sweden	S. Kronor	61 20	62 45
Switzerland	S. Franc	19 93	20 33
UK	£	5.8245	5 8665
USA	$	10.710	10 815
West Germany	D. M.	25 06	25 50

SOURCE : Syndicate Bank. Foreign Exchange Division. Bombay

However, it is necessary to guard against "flogging" of railway equipment because this could become a contributory factor in accidents. Considering the increasing frequency of railway accidents in the recent past, Gujral was grilled at his post-budget press conference as to whether the improvement in efficiency had been secured at the expense of safety. He denied that there was any correlation between the two.

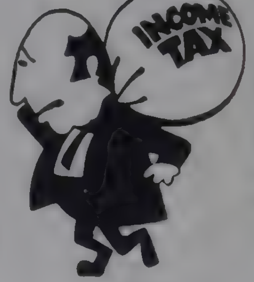
Improvement in efficiency is not to be judged solely in terms of the capacity to haul goods and materials. Passenger services need drastic improvement, especially when rail users are going to have to pay through their nose. Apart from safety, to improve which the railways assure that they are bending their mind and energy, unpunctuality of trains remains a problem, which is not denied by Mr Gujral. Attention also needs to be paid to poor standards of cleanliness in trains and at stations as well as the pervasive corruption among the railway staff.

The public could also have borne more stoically the burden being imposed by the railways if it was known that a part of the additional resources would be going into capital investment. This unfortunately is not so, showing that the railway finances remain in a parlous state. With the plan allocation for the coming year being merely retained at the low level of this year's revised renewal and replacement of the ageing rolling stock and tracks — which are an accepted cause of accidents — is suffering a squeeze. Mr Sethi has stated that since the ongoing and sanctioned projects are "too many in number" the focus will be completion of a few projects which is an euphemism for planned under-investment. Rolling stock acquisition gets only Rs 22 crores even as the Railway Minister has given eloquent figures of the wagons and locomotives that are lined up for the junk heap. Outlay on construction of new lines, gauge conversion, doubling, traffic facilities and track renewals is, in fact, being reduced in 1982-83. Electrification is the only noteworthy item which gets a little more.

The target of originating traffic for 1984-85 was set at 309 million tonnes. It

How to tap your taxable income?

Invest in BRIMCO Plants



Against your own investment of 10 to 30% on plant value, you can earn up to 98%.

25%	INVESTMENT ALLOWANCE
18%	BY DEPRECIATION
15%	BY INTEREST
58% ...	
RURAL AREA BENEFITS:	
15 to 20%	CASH SUBSIDY
20%	FOR FIRST FIVE YEARS AS NON TAXABLE INCOME AND MANY OTHER BENEFITS FOR SALES TAX, OCTROI. ETC.
20%	PROFITABILITY
118%	
EXPORT BENEFITS:	
(a) 20% (approx) ...	(a) BY CASH ASSISTANCE AND DUTY DRAWBACK FOR EXPORT OF PLASTIC GOODS
(b Upto 50% Value export...	BY LICENCES.

EXPORT BENEFITS:	(ab) RAW MATERIAL AT INTERNATIONAL RATE/M TONNE
INVESTMENT AVAILABILITY AGAINST TOTAL CAPITAL EMPLOYED:	70% to 90% FROM BANK OR FINANCIAL INSTITUTION.
COST OF RAW MATERIAL (app.):	Rs. 21,000/- per M.T. (app.)
PROFITABILITY	App. 20%-25%
PRODUCTION PER MONTH CAPACITY	Plant (a) 12 M. Tonne/month Plant (b) 25 M. Tonne/month Plant (c) 50 M. Tonne/month

RETURN OF INVESTMENT WITHIN 2 YEARS

Data received from Market Survey by a Consulting Company.

The above statement (as on May '80) is for your guidance only.
It is not binding in any way.

FOR THE BEST IN PLASTIC MACHINERY

BRIMCO
PLASTIC MACHINERY PVT. LTD.
Brimco House, 55, Govt. Industrial Estate,
Kandivli (West), Bombay 400 067 Tel: 695351/52
Branches at: Ahmedabad • Hyderabad • Delhi • Calcutta • Madras • Cochin

Swastika BP. 3012

s now been scaled down to 270 million nnes. The target of 230 million tonnes the coming year may be achieved. But is problematical whether even the scal- l down target of 270 million tonnes for e end of the Sixth Plan would be achie- ed unless two things happen. One, the ilways will have to substantially improve their efficiency as well as cut their running expenditure, so that there is some internal resource generation. Two, the planners will have to reconsider the advisability of starving the railways of adequate allocation. Some high-ups in the Rail Bhavan are hoping that the railways may be given another Rs 250 crores to Rs 300 crores at the time of the mid-term appraisal of the Sixth Plan.

Tawa: Bad planning

BHOPAL

THE Tawa river project in Madhya Pradesh which was supposed to reate irrigation potential of more than 320,000 hectares in 1979-80 has proved o be a very bad example of planning nd while the potential for irrigation remained less than half of what was envisaged, the food production is registering a downward trend.

Fears are already being expressed hat the implementation of the giant Narmada valley development project may also go the way of the Tawa which is a major tributary of the Narmada. The Centre has already ordered investigations to find out whether the Sardar Sarovar dam to be built on the holy river at Navagam comes within the earthquake-prone zone. The investigations have been initiated at the suggestion of a World Bank team.

The Tawa project has created more problems for the farmers whose villages have been severely affected by water logging. Those areas which were most productive under unirrigated condition have been most affected because of their low-lying conditions and the farmers are apprehensive that more irrigation will further deteriorate the conditions.

According to an expert, an expenditure of Rs 8,750 to Rs 25,000 will be required to turn a field of one hectare — victim of water logging — into a normal field. Who will undertake these gigantic operations ?

Though the average rainfall in Hoshangabad district — for whose benefit the Tawa project was planned — is around 175 cm, only 1.3 per cent of its net sown area of 400,000 hectares was irrigated in 1965-66 against 8.1 per cent in the State as a whole. It was, therefore, envisaged that the Tawa project will increase the irrigated area to 60 per cent from the canal system planned on both banks of the river after the construction of an earthen and masonry dam.

It was also envisaged that full development of irrigation will raise the agricultural production by almost two million tonnes per annum bringing a net return of more than Rs 35 crores. The 1,577 metre long earthen dam with the maximum height of 33.6 metres has a gravity type masonry structure of a length of 387 metres and maximum height of 57.9 metres. The Tawa reservoir has a gross storage of 1.874 million acre feet and a live storage of 1.661 million acre feet at full reservoir level of 1,166 feet. The irrigation is to be provided through a 2,602 km long distribution system.

The erstwhile MP Government had in 1956 given administrative approval of a Rs 14 crore estimate for the Tawa project on the basis of preliminary survey conducted by the Central Water and Power Commission in 1947. After further investigations by the State Government, the project was technically cleared by the Planning Commission in 1960 on the basis of the designs prepared by the CWPC. In the same year, the State Government gave administrative approval for Rs 22 crores. The estimates were revised to Rs 34 crores in 1966, Rs 40 crores in 1969 and Rs 63 crores in 1972. Ultimately, the estimates went up to Rs 91 crores for which administrative approval was given in 1979. The abnormal delay raised the annual cost of irrigation from Rs 725 per hectare envisaged in 1960 to Rs 2,780 in 1977.

Though the project had received administrative approval in 1956, it remained incomplete in several aspects even 24 years after that because of many factors including the poor progress made in the construction of the masonry dam by the public sector organisation, the National Projects Construction Corporation, forcing the Government to withdraw the same from it in 1969 and 1970.

While the irrigation potential available at the end of 1979-80 was around 108,000 hectares — less than 34 per cent of the original estimates — the actual irrigated area measured only 27,000 hectares.

While the kharif irrigation in the command area has not developed at all, the area irrigated in the head reaches of the left bank canal system which was 13,000 hectares in 1976-77 rabi, fell to less than 11,000 hectares in the following year and to merely 9,000 hectares in 1978-79.

According to Dr Bhomble, deputy director-general of the Indian Council of Agricultural Research, while the project authorities had planned a seepage loss of about 30 per cent, it will not be less than 60 per cent. Coupled with high rainfall and deep black cotton soil, this was likely to create very serious water logging problem. Many farmers were unable to sow their wheat crop because the soil did not

---

IFFCO's new fertiliser project at Kakinada

HYDERABAD

THE Indian Farmers Fertiliser Co-operative Limited (IFFCO) has decided to set up a Rs 100-crore phosphatic fertiliser project at Kakinada. Work on the project will begin in July this year and is expected to be completed in three years time. The plant at Kakinada will have an annual capacity of 315,000 metric tonnes of di-ammonium phosphate per annum. The Andhra Pradesh Government incorporated a new company—Godavari Fertilisers—for implementing the project in the joint sector, with the State Government holding 26 per cent of the shares and IFFCO 25 per cent. The remaining 49 per cent will be subscribed through public issue of equity at a later date. The company has applied for an industrial licence and the financial institutions are being approached for assistance for the project.

IFFCO has chosen Andhra Pradesh for the project because the State's fertiliser consumption is above the national average and production inadequate. Kakinada has been selected as the site for the project because it is in the heart of the fertiliser consuming zone, in the rich agricultural and fertile delta region of Andhra Pradesh. The discovery of oil and gas in the Godavari basin could also spawn off other fertiliser projects in the region.

Since light needs to be harnessed, Bajaj offers a comprehensive range to suit every need.

DECORATIVE

BJMP 420

BJGL 240

BJMP 240

INDUSTRIAL

BJFP 150

BJHBI 250/400

BJI 240 DP

BJEF 12/16/18

BJPTI 80/125

BJEF 22

BJMIP 80/125

STREET LIGHT

bajaj LUMINAIRES

The lighting people since 1938.

bajaj

Heros' BE-639A

ave proper moisture condition to plant heat.

Dr Bhomble was of the opinion as arly as 1978 that it would be nearly impossible to attain the cropping pattern as nvisaged in the Tawa project report hich foresaw the irrigation of 45,000 ectares of maize and jowar. He said that maize and jowar in this area needed drainage and not irrigation, and that the unirrigated jowar was already endangered because of the higher water table and water logging.

Dr Bhomble had also disapproved the plan to introduce paddy, a new crop for the area, in 90,000 hectares and provide irrigation as it would be nearly impossible to control water during the rainy season. The agriculture expert's fears are also proved by the sharp decline in yield after irrigation. The decrease is uniform in respect to all grains. While the average yield of gram in Hoshangabad district before the introduction of irrigation in 1971-72 was 608 kg per hectare, it declined to 490 kg in 1977-78. Similarly, the yield of jowar went down from 705 kg to 685 kg in 1978-79. The yield of wheat fell from 785 kg per hectare in the pre-irrigation period to 765 kg in 1978-79 and that of paddy from ten quintals to 957 kg. The yield of maize went down from 1,202 kg to 1,002 kg.

According to the scientific and technical opinion, because of the soil and weather conditions in the command area of the Tawa project, agricultural operations in both kharif and rabi seasons with the help of irrigation could not have been productive, but on the other hand, irrigation could be even harmful. There is also resistance on the part of cultivators to change their habits and the cropping pattern they have been used to. This shows that the project costing Rs 91 crores in the building of dam and Rs 200 crores in the construction of canals and development of the area was ill-conceived and the presumed benefits could not have been realised. This also indicates the need for a second look at the development programmes of the command area so that further unnecessary and even wasteful expenditure could be avoided.

Most of the 272 million hectares in MP which are proposed to be irrigated after the construction of the Navagam dam has black cotton soil. This is also the situation in the area to be irrigated by 29 large, 240 medium and 2,000 small schemes to be implemented for the development of the Narmada valley. The conditions in the command area of the Tawa dam should serve as a warning to the planners.

Money

Financial stringency for banks too

BANKS are defaulting in maintaining statutory liquidity ratio (SLR) and cash reserve ratio (CRR) with the Reserve Bank. The total of SLR and CRR on the date of writing (February 18) is 42.5 per cent of total demand and time deposits of banks and is to go up to 43 per cent by April 30. On Rs 44,000 crores of deposits, this comes to Rs 19,000 crores of impounded money. According to the latest bank returns released by the RBI, the investments in SLR and CRR totalled Rs 18,700 crores. It is believed that the shortfall is Rs 300 crores to Rs 400 crores.

The shortfall in SLR and CRR has arisen because of many reasons. First, deposit growth of banks has come down to just about nine per cent in the second half of 1981 from 11 per cent in the previous year's second half. Banks blame this on competition from company deposits and debentures, but they do not realise that this is largely the result of poor customer service and long and prolonged credit restraints. Secondly, banks blame 10 per cent interest rate which is lower than what small savings or corporate enterprises offer. But they do not realise that deposit growth does not depend on bank interest rates but on customer service and government disbursements.

Thirdly, what is so little known is that in January 1982, the RBI forced many banks to lend substantially large amounts to many public sector nationalised giants—Food Corporation, oil companies, fertiliser companies and so on. Fourthly, the strike in textile mills of Bombay. The return flow of funds or turnover on textile industry has been nil or stagnant, thus curtailing banks' lendable resources. Finally, banks are under increasing pressure to lend to priority sectors, agriculture and 20-point programmes. Thus, large funds are diverted towards these uses, leaving insufficient resources even for maintaining SLR and CRR.

The shortfalls in SLR and CRR have four important consequences on banking business and on the credit markets. First, banks lose interest they are entitled to get on all their cash reserves in excess of three per cent. Second, they pay a penal rate of interest of 15 per cent on their entire shortfall for a whole month in which the default occurs even for a day. Third, banks' profitability suffers a serious setback as a result of this double loss of interest. And finally, RBI restrains banks from lending to new borrowers as long as they continue to default in CRR. On their part banks have to curtail the limits and recall the drawings of existing borrowers to set right the imbalance in their resources and lending.

The net result of all these factors is the unprecedented financial stringency faced by the banks themselves. And when banks face stringency, their customers are bound to face similar problems. The credit markets are seriously affected by credit squeeze, freeze and restraints, which have come upon them all of a sudden. This stringency is not the result of any specific decision or announcement of any new policy. On the contrary, they are the unexpected result of the shortfalls of banks in maintaining SLR and CRR.

An indication of the state of credit markets to come is available from the decision of the Union Government to step up the flow of credit to the agricultural sector by 16 per cent during 1982-83 that is from Rs 3,800 crores in 1981-82 to Rs 4,400 crores in 1982-83. This is likely to include credit from commercial banks which will go up from Rs 1,500 crores to Rs 1,700 crores. By 1984-85 the agricultural sector may get Rs 5,400 crores, inclusive of Rs 2,200 crores from the commercial banks.

Thus, the claims of the priority sectors and credit squeeze would together make industrial credit increasingly short in supply in the years to come. Industrial enterprises would do well to take note.

S. G. Shah

CORPORATE SECTOR

In the market

Prabhu Steel Industries

Prabhu Steel Industries Ltd (Registered office : Old Motor Stand, Itwari, Nagpur 440 008) is offering for public subscription at par 4.75 lakh equity shares of Rs 10 each totalling Rs 47.50 lakhs. The subscription list will open on March 15 and will close on March 25 or earlier but not before March 18. The company was incorporated as a private company in May 1972 and was converted into a public limited company in August 1981. It is engaged in the business of re-rolling steel products. It has three rolling mills at Nagpur and Secunderabad. The present installed capacity at both places is 56,000 tonnes per annum.

20th Century Leasing

20th Century Leasing Ltd (Registered office : 501, Raheja Chambers, 213 Backbay Reclamation Scheme, Nariman Point, Bombay-400 021) is offering for public subscription at par 390,600 equity shares of Rs 10 each totalling Rs 39.06 lakhs. The subscription list which opened on February 24 will close on March 6. The company is engaged in the business of leasing all types of industrial and office plant equipment, machinery, vehicles etc. The object of the present issue is to augment the resources of the company.

Other developments

ICICI earns more

The Industrial Credit and Investment Corporation of India Ltd has earned a net profit of Rs 12.53 crores for the year ended December 1981 compared to Rs 8.44 crores earned in the previous year. The equity dividend recommended for the year under review is 14 per cent (13 per cent). It has set up a development office in Gauhati to serve the needs of the North Eastern Region covering the States of Assam, Manipur, Meghalaya, Nagaland, Tripura, Arunachal Pradesh and Mizoram. The corporation has assisted 18 projects in the North Eastern Region — 14 in Assam, two in Meghalaya, one in Tripura and one in Arunachal Pradesh. The assistance sanctioned to the projects amounted to Rs 8.38 crores.

Forthcoming company meetings

FEBRUARY 27 TO MARCH 5

BENGAL ARC STEEL LTD, 9E & F, Everest 46 C, Jawaharlal Nehru Road Calcutta 700 071. **(February 27, 11.30 a.m.)**

BELSUND SUGAR MILLS LTD, 14 Netaji Subhas Road, Calcutta 700 071 **(February 28, 1.30 p.m.)**

SARASWATI INDUSTRIAL SYNDICATE LTD, Yamunanagar, Distt Ambala **(February 27, 12 noon)**

ANDHRA PRADESH RAYONS LTD, Hotel Banjara, Road No 13, Banjara Hills Hyderabad 500 034. **(March 1, 4.30 p.m.)**

PARRYS CONFECTIONERY LTD Connemara Hotel, Binny Road, Madras 600 002. **(March 1, 10.25 a.m.)**

CHEMICALS & FIBRES (INDIA) LTD Patkar Hall, SNDT Women's University 1, Nathibai Thackersey Road, Bomba 400 020. **(March 3, 4 p.m.)**

MOTOR & GENERAL FINANCE LTD, Ashok Hotel, Convention Hall Chanakyapuri, New Delhi, **(March 3 4 p.m.)**

UNICHEM LABORATORIES LTD Patkar Hall, SNDT Women's University 1, Nathibai Thackersey Road, Bomba 400 020. **(March 4, 3.30 p.m.)**

Taxation of Rs 250 crores?

Concluded from page 352

up to Rs 20,000 should be exempt from income tax if it flows from industrial companies promoted after 1980.

(3) To facilitate resource-raising from the capital market, debentures should be allowed for new projects also because at the end of three years these would automatically be converted into share capital.

(4) Depreciation should be not on historical costs but on the intrinsic worth and value of the asset. In fact, industries should be allowed a floating depreciation of up to 100 per cent to be claimed within seven years of installation.

(5) Remuneration paid by a company to directors in excess of Rs 72,000 per annum is disallowed as expenditure while assessing income. The disallowance should commence after a salary of Rs 1.20,000.

(6) As suggested by the Warchoo Committee, there should be no further levy of income tax on undistributed profits.

(7) Under Section 115A foreign companies pay 40 per cent tax on account of royalty and technical services and 20 per cent tax on lumpsum payment for transfer of technical know-how outside the country. These levies should be withdrawn.

In regard to individual income taxation, the PHDCCI memorandum has made the following recommendations:

1) While the taxable limit of income was raised in the last budget, the rate structure for income ranging between Rs 15,001 and Rs 30,000 was also raised, being 30 per cent from Rs 15,001 to Rs 25,000 and 34 per cent from Rs 25,000 to Rs 30,000. The tax rates including surcharge should not exceed 20 per cent on incomes above Rs 15,000 and then also rise in steps of 10 per cent to a maximum of 50 per cent only on incom above Rs 2 lakhs.

2) To encourage investment i shares of companies Section 80CC shoul be amended to allow relief on the ful amount of shares. At present it is 50 pe cent up to a maximum of Rs 10,000.

Regarding the capital gains tax, i has been recommended that relief agains it should be available not only on invest ing in 7-year rural bonds but also on investing in equity share capital or in fixe deposits in banks. The wealth tax, it i argued, should be either scrapped or it exemption limit substantially increased. I is further contended that agricultural income should be taxed after providing fo an exemption of Rs 50,000 per assessee family.

Irrespective of the merits or demerits of the foregoing suggestions, it is obvious that the Indian taxation system i utterly complicated. It remains to be see whether Mr Jha's report, which is base on a study of the Wanchoo and Choks reports, will find a reflection in th budget.

EQUITIES

Severe setback

Bombay, February 22

Leading scrips on the Bombay Stock Exchange suffered a severe setback during the past week on an avalanche of selling pressure. The setback would have been still severer but for the normal badla charges of around 24 per cent. Although the closing levels were much higher than the lower rates, pivotals finished with significant losses. Activity was largely fair but the undertone at the close of the week was diffident.

The main reason for the drubbing the shares received was because of the disappointing working results of GSFC for 1981. Marketmen had anticipated better profit and higher dividend. When the actual figures in respect of working results had been released on February 19, there was nothing to inspire the market except higher sales. The gross profit was down and the dividend was maintained at 22 per cent. Even in cement shares, there was not much activity on fears that cement might be placed on OGL. In the previous week, cement shares had attracted brisk activity.

After officially touching the Rs 1,000 mark on Monday, century reacted steeply to Rs 966. The price was finally placed at Rs 974, with a net loss of 15 points. Tata Steel dropped by 11 points and PAL by as much as 27 points. Voltas yielded Rs 8 at Rs 246. Shipping shares continued to be on the decline. Bombay Dyeing, Standard, Swan, Gwalior Rayon and Hindustan Motors also slipped back, albeit modestly. TELCO was quoted on ex-bonus basis at Rs 538 following the receipt of CCI consent for the allotment of two-for-five bonus shares against Rs 704.

Amar Dye-Chem, which was consistently on the decline following the prolonged labour unrest at its Kalyan plant, staged a recovery by Rs 7.50 to Rs 135 on bargain-hunting. Tata oil ruled steady, thanks to backwardation charges. ACC was steadier while Digvijay Cement was a shade better. Morarjee Mills rallied by Rs 5 to Rs 207.50 on short-covering and replacement support. Larsen was steady.

In the cash section, active scrips bore most of the selling pressure. GSFC slumped by Rs 67 to Rs 468, Baroda Rayon by Rs 44 to Rs 379, Kinetic by Rs 14 to Rs 134 and MICO by Rs 22.50 to Rs 422. 50.

THE WEEK'S PRICE RANGE

(Compiled by Commerce Research Bureau)

	Closing quotations 13 2 82	High	Low	Closing quotations 20 2 82
CLEARED SECURITIES	Rs.	Rs.	Rs.	Rs.
Textiles				
Ahm. Advances (100)	170.00	178.00	170.00	177 50
Bombay Dyeing (25)	77 00	78.00	73.00	75 00
Central India (50)	47 00	49 00	42.00	45 00
Century (100)	989 00	1000 00	974.00	974 00
Dawn (50)	65.00	65.00	62.00	65.00
Elphinston (50)	50.00*	—	—	50.00*
Finlay (100)	100 00*	95.00	90.00	95.00
Gokak (100)	202 00*	—	—	202.00*
Gwalior Rayon (10)	61.75	62 00	59 25	59 75
Khatau (100)	240.00	245 00	232.50	240.00
Kohinoor (100)	47.00*	47.00	44 00	46.00
Morarjee (100)	202 50	215.00	205.00	207 50
National Rayon (100)	315 00	325.00	305.00	325.00
New Great Eastern (100)	75 00*	—	—	75.00*
Phoenix (100)	38 00*	—	—	38 00*
Podar (10)	7.00	7.00	6 75	6.75
Shreeniwas (100)	85.00*	75.00	75.00	75.00
Simplex (50)	63.00	63 00	62 00	63 00
Standard (100)	362.00	371.00	348 00	359.00
Svadeshi (100)	166 00	162 00	155 00	155.00
Swan (100)	175.00	175.00	167.50	170 00
Tata Mills 25)	21.00	24.00	21.00	23.00
Electric				
Ahmedabad (100)	100 50	102 00	101.00	102 00
Andhra Valley (100)	104 00	107.50	105 00	107 50
B.Suburban(100)	127 50	127.50	123.50xd	125 00xd
Tata Hydro (100)	108.00	111 00	108.00	111.00
Tata Power (100)	112.50	113.50	111.50	113 50
Steel				
Mukand (10)	32.50	33 25	29 50	30 00
Tata Steel (100)	362 00	367 50	342 00	351.00
Engineering				
Larsen & Toubro (10)	53 00	54.50	52.50	53 00
Tata Eng. & Loco (100	714.00	731 00	522.00xr	538 00xr
S.L.M. Maneklal (100)	155 00	160 00	155.00	160 00
Voltas (100)	254 00	255 00	246.00	246.00
Walchandnagar (10)	26 25*	28 00	27.00	28.00
Dyes & Chem				
Amar Dye-Chem (100)	127.50	142 50	130.00	135 00
Indian Dyestuff (100)	200.00	203.00	197.00	200.00
Polychem (50)	51.00	53 00	50 00	53.00
Tata Chemical (10)	58 00	59.00	55.75	57 00
Shipping				
Great Eastern (10)	17.75	18 25	14 50	17 00
Scindia (20)	16 00	16 25	14.25	15.00
Cement				
A.C.C. (100)	317.50	332 00	304 00	318.00
Shree Digvijay (100)	230 00	242.50	232.50	232.50
Sugar				
Maharashtra (50)	40.00	41.00	38.00	41.00
Phaltan (50)	29 00*	31.00	29 00	31 00
Miscellaneous				
Bombay Burmah (25)	39.00	37.75	36 00	37.75
Hindustan Motors (10)	29 75	30 25	28 50	28 75
Premier Automobiles (100)	357.00	360 00	312 00	330.00
Pre. Construction (50)	119.00*	119.00	110.00	110.00
Sirpur Paper (10)	23 50	23 50	22 50	22 50
Tata Oil (25)	57.50	58 00	56.00	58 00
W. Coast Paper (100)	95.00	95.00	90 00	90 00
Wimco (10)	13.40	13.75	13 40	13 50
NON-CLEARED SECURITIES				
Textiles				
Baroda Rayons (100)	423 00	427.00	361.00	379 00
Century Enka (100)	595 00	590.00	570.00	580.00
Garware Nylons (10)	45 00	45.50	44.50	45 00
Gold Mohur (10)	92 00*	—	—	92.00*
Indian Rayon (10)	97 00	102.00	96 50	98.00
J. K. Cotton (10)	14 00	14.00	13 00	13 50
J. K. Synthetics (10)	67 00	69.00	64.50	65 50
Lakshmi Vishnu (100)	56 00*	56 00	54. 00	54 00
Mafatlal Fine (100)	211 25	211 25	207 50	210 00
Mafatlal Industries (125)	355 00	355 00	348 75	352 50
Modella Woollen (10)	9 25*	—	—	9 25*
Nirlon (10)	42 00	43.00	41.00	41 50

	Closing quotations 13 2 82	High	Low	Closing quotations 20-2-82
NON-CLEARED SECURITIES	Rs.	Rs.	Rs.	Rs.
Textiles				
Raghuvanshi (100)	122 50*	—	—	122 50*
Raymond Woollen (10)	55 00	56 00	55 00	55 00
Reliance Textile (10)	127 00	128 50	126 00	127 00
S. I. Viscose (100)	247 50	250 00	240 00	242 50
Stretch Fibres (10)	8 50*	9.25	8 50	8 50
Swadeshi Polytex (10)	16 25	16 50	16 50	16 00
Electric				
Amalgamated (10)	8 00	8 00	7.00	7 00
Surat (100) ...	101 00*	105.00	105.00	105 00
Cement				
Mysore Cement (10)	36 00	37.00	36.00	36 50
Saurashtra Cement (100)	120.00*	—	—	120 00*
Paper				
Andhra Paper (100)	167 50*	172.50	170.00	172 50
Bhadrachalam New (10)	13 75*	13.75	10.50	12 50
Jayant Paper (100)	135 00	140.00	135.00	140 00
Rohit (100)	215 00*	190.00	167.50	170.00
Steel, metals, alloys				
Ennore Foundries (10)	44 00	45.00	42.50	44 00
Ferro Alloys (100)	262 50	265 00	255 00	262 50
Hind Aluminium (10)	47 50	50 50	47 00	49 00
Khandelwal Ferro (100)	120 00	123 75	120.00	[illegible]
Mahindra Ugine (10)	62.00	62.00	56.00	56 00
Tata Yodogawa (100)	120.00*	—	—	120 00
Engineering				
Associated Bearings (100)	405 00	412 50	403 75	412 50
Bimetal Bearings (10) ...	28 25	28.25	27.50	28 00
Blue Star (10)	34 00	36.50	33 75	36 00
Elecon Engineering (10)	35 00	37 50	35.75	37 00
Gujarat Steel Tube (100)	320.00	330.00	320 00	330 00
Hindustan Brown (100)	285 00	—	—	285 00*
Ingersoll-Rand (10) —	143.00	145 00	136 00	136 00
Jyoti (100) ... —	185 00	200 00	187 50	195 00
Kamani Eng. (10)	81 00	80 00	77 00	79 00
Kirloskar Cummins (100)	672 50	760 00	677 50	750 00
Kirloskar Oils (10) ...	27.75	30 75	29 50	30 90
Kirloskar Pneumatic (10)	42 00	42.00	41.00	41 00
Mahindra (10) ... —	57 50	60.50	55.00	56 00
New Standard (100) —	100.00	105.00	97 50	102 00
Sandvik Asia (100) —	355 00*	355.00	355 00	355.00
Vulcan-Laval (10) —	31.50	31 50	31 00	31 00
Zenith Steel (10) —	51.00	51 50	49 00	50 00
Cables & Elec.				
Asian Cables (100) —	185.00	185.00	165 00	172 50
Bajaj Electricals (100) ...	170.00*	[illegible]	170.00	170 00
Crompton Greaves (100)	362 50	356 25	350 00	356 25
Otis Elevator (10) —	29 50	31.00	29 00	30 00
Siemens India (10) —	64 00	65 00	61.00 xd	61.00xd
Chemicals				
BASF (10) ... —	38 50	38 50	37 00	37 00
Bayer (India) (100) —	185 00	182 50	176 00	176 00
Chem & Fibres (10) —	23 25	23 25	22.50	22.50
Colour-Chem (100) —	200 00	200 00	195 00	200 00
German Remedies (10)	27 50	28 50	26 00	26 00
Gujarat State Fert. (100)	535 00	534 00	452 00	468 00
Hindustan Lever (10) —	55 00	55 50	53 00	53 75
Indian Organic (10) —	33 50	33.50	31 00	32 00
National Organic (100)	193 00	195 00	187.00	191 00
Pfizer (10) ... —	23 50	24 00	22 50	24 00
Polyolefins Ind. (100) —	305 00	3 5 00	297 50	300 00
Sandoz (10) ... —	26 50	30 50	28 50	29 50
Synthetics (100) —	80 00	81 00	76.00	78 00
Warner-Hindustan (10)	21 50*	22.00	22.00	22 00
Zuari Agro (10)... —	25 00	25.25	24 50	24 50
Miscellaneous				
Bajaj Auto (100)	1425 00	1430.00	1410.00	1430.00
Bombay Oxygen (100)	118 75	118.75	116.25	116 25
Cadbury (10) ... —	23 50	24 50	23 50	24 00
Camphor & Allied (100)	197 50	202 50	192 50	192 50
Ceat Tyres (100)	202.50	205 00	200 00	205 00
Colgate-Palmolive (10)	153 00	156 00	145 00	145.00
Empire Industries (15)	24 00*	25 0	23.00	25 00
Fibre glass (10) —	16 25	16 00	15 25	15 75
Gammon India (10) —	21 00	21.75	20 50	21 50
Hindustan Ferodo (10)	39 00	—	—	39.00*
Hoechst Dyes (10) —	27 50	28 50	27 50	28 50
Indian Hotels (10) —	92 00	99 00	91 00	90 00
Motor Industries (100)	445.00	445 00	422 50	422 50
Tata-Finlay (10) —	12.25	12 25	12 00	12.00

Notes : Figures within brackets indicate the paid-up value of shares. xd—Ex—dividend. cd—Cum-dividend. xr—Ex—right. cr—Cum—right.
(a) An asterisk mark after the quotation indicates the closing prices of the last official trading and not of the date indicated in the columns.
(b) The dash (—) in the columns for 'High' and 'Low' means that no official trading in the share had taken place during the perod under report.

COMMODITIES

Cotton: Downtrend persists

Bombay, February 23

An extended declining trend was noticed in the spot cotton market during the past week. With the strike situation showing no signs of an immediate settlement, there was virtually no support from the spinners. It is not as though only mills in Bombay have been indifferent. Spinners elsewhere unaffected by two strike are reluctant to enter a falling market.

The Cotton Advisory Board's assessment of the overall statistical position early next week is awaited with interest. A resumption of sporadic buying could ensure thereafter even if the stalemate continues on the labour front in Bombay mills.

The Maharashtra State Cooperative Marketing Federation is threatened with a huge loss in its sales. Its usual strategy of piling up stocks to cash in on a shortage situation which paid rich dividends last year, has failed to click this time. It is unwilling to lower its prices in keeping with the ruling rates. A convenient argument against lowering the prices would be that such a step would hurt the farmers' interests of which, of course, it has been an avowed champion.

As regards the strike, while the Chief Minister of Maharashtra has expressed the view that it will fizzle out soon, intimidatory tactics are getting more and more rampant. Despite this, there has been a perceptible improvement in the number of workers attending four of the mills in Bombay. Even women workers have been able to weather the storm to some extent. Technicians and supervisors who are officially not on strike have been the targets of violence.

The following has been the trend of prices of some of the leading varieties of cotton.

(Rs per candy)

	February 19	February 12
Kalyan	3,600	3,775
Saurashtra CO2	3,875-4,000	4,200
Sankar 4	4,600-5,000	4,700-5,000
MP Y1	4,000-4,200	4,200-4,450
MP Varalaxmi	4,450 4,600	4,700-4,800
MCU 5 Guntur	4.800-4,900	4 800-4,950
Maharashtra H4	4,900	5,100

Edible oils firm up

Bombay, February 2

Edible oil prices recorded a significant rise in the oilseeds market during the past week on good local support, abolition of export duty on HPs groundnut and sharp rise i the issue price of imported oils to the vanaspati industry and general higher price trend prevailing in the producing centres. Groundnut oil hardened by about Rs 6 to Rs 140.4 per 10 kg. Groundnut als moved up in sympathy Groundnut Karad bold rose by Rs 8 to Rs 558 per 100 kg.

After opening on a wea note due to lack of buying interest caster oil staged a modest recovery from the lowe levels on reports that Stat Trading Corporation (STC had purchased about 3,00 tonnes of BSS oil for expor Export inquiries from ship pers also aided the sentimen The prices of BSS oil and castor oil commercial were, how ever, lower compared to thos in the previous weekend.

Linseed and its oil, on t other hand, suffered a mark setback on discouraging a vices from the north. Linse bold dropped by Rs 40 to 430 per 100 kg and its oil

12% INTEREST P.A.
GET MORE THAN DOUBLE IN 6 YEARS

Invest in National Savings Certificates

Yes, here is a Scheme with sound security and high returns you have been waiting for — The 6-Year National Savings Certificates VI and VII Issues.

Attractive facilities under both Issues—

You can buy Certificates from all Post Offices. No limit on Investments. Nomination facility available. Indentity slip ensures easy encashment of Certificates anywhere in India.

Non-Residents can also purchase these Certificates through their Bankers.

Tax-free interest upto Rs. 3000 under Sec. 80-L of I.T. Act along with other securities. In VI Issue, interest is shown on annual accrual basis for tax purpose.

VI Issue

You want to double your money fast? Here is our guarantee. Invest in National Savings Certificates VI issue at 12% interest compounded half yearly-the highest ever interest rate and in just 6 years you will receive more than double the money you have invested.

VII Issue

Here is an unique opportunity to earn highest interest every six months at 12% per annum.

For details contact:
- Directorate of Small Savings, New Administrative Building, Bombay 400 032. Phone: 232537, 230290.
- Nearest Post Office.
- Authorised Agents of Small Savings.
- Asstt. Dir. of Small Savings, C/o Collector of District...

DGIPR/SS

Rs 10.40 to Rs 112.32 per 10 kg.

Comparative prices in rupees per quintal of seeds and per 10 kg of oils :—

	20-2-82	13-2-82
G. nut Karad bold	558.00	550.00
G. nut oil	140.40	134.68
Cast. Md. Sm.	308.00	312.00
Cast. oil com.	66.75	67.50
Cast. oil BSS	71.75	73.25
Linseed bold	430.00	470.00
Linseed oil	112.32	122.72

Grains steady

Bombay, February 23

Barring wheat (Sonakalyan), gram and tur dal, a steady trend was evident in all other grains.

In cereals wheat (pissi) ruled steady at Rs 275-325 per quintal. The Sonakalyan variety hardened by rupees five at Rs 215-220 per quintal. New crop arrivals were reported. Roller flour mills in anticipation of decline in prices postponed purchases.

Activity in rice was restricted. Arrivals from Andhra Pradesh and Punjab were limited. The Basmati variety was quoted at Rs 600-750 per quintal and the Luchai variety at Rs 290-315 per quintal.

In coarse grains, a steady trend was evident. Jowar ruled steady at Rs 135-250 per quintal. Bajra was traded at the preceeding week's level of Rs 160-325 per quintal. Barley and maize ruled quiet at Rs 138-140 per quintal and Rs 185-190 per quintal respectively.

Among pulses, gram declined by Rs 16 to Rs 358-360 per quintal on account of improved supplies. Tur dal firmed up by Rs 13 to Rs 475-550 per quintal. Moong (chumki) and masoor dal ruled steady at Rs 340 per quintal and Rs 450 per quintal respectively. Urad (moglai) ruled at the preceding week's level of Rs 230-240 per quintal.

Sugar recedes

Bombay, February 23

Sugar prices in the local market moved down sharply with increases in arrivals. The price of C-30 grade of sugar declined by Rs 36 to Rs 548 556 per quintal. Cooperative sugar factories in the State were anxious to sell their stocks. The weekend stocks were 2,476 bags as against 2,621 bags in the preceding week. The price of C-30 grade sugar on February 20, 1982 was lower by Rs 188 per quintal than the level on the corresponding date a year ago.

Khandsari prices declined from Rs 495-570 per quintal to Rs 425-540 per quintal. City arrivals were 7,001 bags. The stocks at the close of the week were 3,539 bags.

Wheat, gram recede

Hapur, February 23

Bearish conditions were witnessed in grains and pubses during the past week. Wheat, gram, peas and arhar drifted lower.

Slack buying inquiry and increased arrivals from rural ends accounted for a downward trend in wheat. Prices declined by Rs 5 per quintal to be quoted at Rs 150-155 for average quality and Rs 160-162 per quintal for white farm.

Rice remained unchanged at previous levels. Basmati sela was quoted at Rs 450-475, mainpuri sela Rs 250-252, gadda Rs 215-220 and munji Rs 110-120 per quintal.

In coarse grains, gram declined by Rs 5-10 to be quoted at Rs 250-290 per quintal according to quality as new arrivals had started in east U.P. Maize, however, ruled steady on good demand for feed purposes and ruled at Rs 132-140 per quintal. Barley, and other coarse cereals were listless as trading was at a low ebb.

In pulses, peas eased by Rs 5-15 per quintal on easy advices from the south. Peas dara was placed at Rs 250-255 and white farm at Rs 275-285 per quintal. Arhar too ruled quiet as arrivals were still reaching the market.Urd, moong and masoor were stationary in limited trad-

Ensure Proper
Tax Deduction
from
Salaries

The Income-tax Act requires every person responsible for payment of salary to deduct tax at source at the prescribed rates and deposit the same to the credit of the Central Government immediately in the case of Government employees and within seven days in the case of other employees.

Default of the Employer Attracts:

(i) Recovery of the entire amount of tax from him;
(ii) Levy of interest and penalty; and also
(iii) Prosecution which may lead to rigorous imprisonment and also fine.

Avoid Penal Action

ENSURE that the tax deductible on salary has been correctly deducted and deposited into Government account within the time.

ADJUST short deduction, if any, out of salary payments made in the month of February/March, 1982.

Director of Inspection
(Research, Statistics & Public Relations)
INCOME-TAX DEPARTMENT
New Delhi-110 001

davp 81/326

FORM II—A

(See Rule 4A (I))

AUTOMOBILE PRODUCTS OF INDIA LIMITED

Regd. Office : Lal Bahadur Shastri Marg, Bhandup, Bombay 400 078.

(General Notice under the Monopolies and Restrictive Trade Practices Act. 1969).

It is hereby notified for the information of the public that AUTOMOBILE PRODUCTS OF INDIA LIMITED proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi, under Sub-Section (2) of Section 22 of the Monopolies and Restrictive Trade Practices Act, 1969. for approval for the establishment of a new Undertaking for the production, supply. distribution or control of MOPEDS.

Proposed installed capacity and estimated annual production or turnover of Mopeds : 60,000 vehicles per annum.

Other particulars of the proposed new Undertaking are as under:—

(i) Name of the proposed Undertaking :

AUTOMOBILE PRODUCTS OF INDIA LIMITED

(ii) Name (s) of person (s) or authority/authorities proposing to establish the new Undertaking. Where it is a body corporate, furnish details of its Management structure together with those of the proposed Undertaking. :

AUTOMOBILE PRODUCTS OF INDIA LIMITED (API). API is a Board managed Company. The names of the Directors are as under :—

1. Shri M. A. Chidambaram (Chairman).
2. Lt. Col. Fatesinghrao P. Gaekwad.
3. Shri Rasesh N. Mafatlal.
4. Shri K. N. Talwar.
5. Shri Ranjitsingh P. Gaekwad
6 Shri A. C. Muthia
7. Shri S. K. Wankhede
8. Shri G. N. Bhide (Nominee of IDBI).
9. Shri H. R. Kamath (Nominee of State Bank of India).
10. Shri B. N. Bhagwat (Nominee of SICOM)
11. Shri V. B. Haribhakti (Nominee of IFCI).

The proposed Undertaking will be managed by the Board

(iii) Capital structure of the applicant person or authority and of the proposed Undertaking :

AUTHORISED CAPITAL :

		Rs.
45.00.000	Equity Shares of Rs. 10/— each.	4.50.00.000
28.000	Redeemable Cumulative First Preference Shares of Rs. 100/—each.	28.00.000
5.000	Redeemable Cumulative Second Preference Shares of Rs 100/—each.	5.00.000
7.000	Redeemable Cumulative Third Preference Shares of Rs. 100/—each.	7.00.000
1.00.000	Redeemable Cumulative Fourth Preference Shares of Rs. 10/—each	.10.00.000
		5.00.00.000

ISSUED CAPITAL :

		Rs.
11.42.313	Equity Shares of Rs. 10/—each.	1.14.23.130
28.000	9.3% Redeemable Cumulative First Preference Shares of Rs. 100/—each.	28.00.000
5.000	7.8% Redeemable Cumulative Second Preference Shares of Rs. 100/—each.	5.00.000
7.000	11% Redeemable Cumulative Third Preference Shares of Rs. 100/—each.	7.00.000
50.000	11% (Period up to 31.8.1979—9.3%) Redeemable Cumulative Fourth Preference Shares of Rs. 10/—each	5.00.000
		1.59.23.130

SUBSCRIBED CAPITAL :

11.38.970	Equity Shares of Rs. 10/—each fully paid.	1,13.89.700
28.000	9.3% Redeemable Cumulative First Preference Shares of Rs. 100/—each fully paid	28.00.000
5.000	7.8% Redeemable Cumulative Second Preference Shares of Rs. 100/—each fully paid	5.00.000
7.000	11% Redeemable Cumulative Third Preference Shares of Rs. 100/—each fully paid.	7.00.000
50.000	11% (Period up to 31.8.1979—9.3%). Redeemable Cumulative Fourth Preference Shares of Rs. 10/—each fully paid.	5.00.000
		1.58.89.700
	Add : Forfeited Shares —Amount originally paid up on 3,343 Equity Shares and recoveries against calls in arrears.	22,679
		1.59.12.379

(iv) Proposed location of the new Undertaking : Backward area in Tamil Nadu.

(v) Brief outline of the cost of the project. the scheme and source of finance :

Estimated Capital Outlay :

		(Rs. in Crores)
Land	....	0.13
Building	....	1.22
Plant and Machinery. Electrical Installation & Miscellaneous fixed assets	....	4.52
Contingencies	....	2.00
		7.87

Scheme and sources of finance : The project cost is to be financed partly from internal resources and partly by availing of term loans from financial institutions & Banks and through incentives available under the various Government Schemes.

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, with a copy to the Company, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

B. R. BHAL
COMPANY SECRETARY
AUTOMOBILE PRODUCTS
OF INDIA LIMITED

Place : Bombay.
Dated : 18th February 1982.

. Weekend prices in rupees quintal were : Barley, 125- , bejhar 130-140, guwar 125- 0, guwar 200-220, methi 320- 0, bajra 135-140, peasdal 350- , arhar 280-285, dal 400-440, 270-275, moong 300-325, dal 0-420, masoor 290-300, dal 5-425, and gramdal 330-340.

ugar subdued

Hapur, February 23

Subdued conditions prevailed sugar during the past week. lack outside buying coupled ith easy supply position were main the influencing factors. Sugar is easily available at ration shops. Prices declined by Rs 5 per bag to be quoted at Rs 570-595 per bag.

Gold erratic, silver up

Bombay, February 23

An erratic trend in gold and a firm tendency in silver marked trading in the Bombay bullion market during the past week.

Standard mint gold opened at Rs 1,747 per 10 gms and after witnessing ups and downs closed at Rs 1,747 per 10 gms. Ready silver (.999 fineness) opened at Rs 2,765 per kg and rose steadily to close at Rs 2,785 per kg.

Money tight

Bombay, February 23

Conditions in the Bombay short-term money market continued to be tight during the past week. Interest rates opened at the ceiling level of 10 per cent and maintained this level throughout the week.

Aggregate deposits decline

Bombay, February 23

Aggregate deposits of all scheduled commercial banks declined by Rs 62.53 crores to Rs 43,193.91 crores during the week ended February 12, 1982. Bank credit expanded by Rs 122.62 crores to Rs 29,900.17 crores and their borrowings with the Reserve Bank of India (RBI) expanded by Rs 67.96 crores to Rs 745.75 crores. The balances of banks with the RBI declined by Rs 33.4 crores to Rs 4,170.12 crores.

FORM II—A

(See rule 4A (I))

Form of general notice to be given to the members of the public before making an application to the Central Government under sub-section (2) of section 22 of the Monopolies and Restrictive Trade Practices Act, 1969.

NOTICE

It is hereby notified for the information of the public that BLUE STAR LIMITED proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi, under sub-section (2) of section 22 of the Monopolies and Restrictive Trade Practices Act, 1969, for approval for the establishment of a new undertaking for the production, supply, distribution or control of :

Names of the goods	Proposed installed Capacity (in sets)	Estimated annual Production (in sets)
1) UV-VIS Spectrophotometers	100	100
2) Gas Chromatographs	150	150
3) Liquid Chromatographs	30	30
4) Optical Emission Spectrometers	30	30

Other particulars of the proposed new undertaking are as under :—

(i) Name of the proposed undertaking : Blue Star Limited

(ii) Name (s) of person (s) or authority /authorities proposing to establish the new undertaking. Where it is a body corporate, furnish details of its management structure together with those of the proposed undertaking. : Blue Star Limited. The Company is managed by the Chairman & Chief Executive, the President & Vice-Chairman and Executive Directors, subject to the superintendence, control and direction of the Board of Directors. The proposed undertaking will have the same management structure.

(iii) Capital structure of the applicant person or authority and of the proposed undertaking.

	Rs.
Authorised :	
10,000 7.8 % Cumulative Preference Shares of Rs. 100 each	10,00,000
22,40,000 Equity Shares of Rs. 10 each.	2,24,00,000
16,000 Unclassified shares of Rs. 100 each.	16,00,000
Rs.	2,50,00,000
Issued, Subscribed & Paid-up:	
9,075 7.8 % Cumulative Preference Shares of Rs. 100 each	9,07,500
13,87,912 Equity Shares of Rs. 10 each.	1,38,79,120
Rs.	1,47,86,620

The proposed undertaking will have the same capital structure.

(iv) Proposed location of the new undertaking. : Gandhinagar in Gujarat.

(v) Brief outline of the cost of project, the scheme and source of finance. : The estimated project cost is Rs. 72 lakhs and is proposed to be financed by Internal Accruals, Term Loan and Incentives available under various government schemes.

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, with a copy to the Company, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

Registered Office :
Kasturi Buildings
Jamshedji Tata Road
BOMBAY 400 020
Dated this 16th day of February 1982

For and on behalf of
BLUE STAR LIMITED
P. S. RAMNATH
Company Secretary.

Need for manpower planning

Concluded from page 376

erned. Planners have to ensure regional manpower equilibrium by locating pockets of surpluses and shortages of manpower.

The growing industrialisation of the country is bound to create new and increasing demands for business executives and industrial managers at different levels to man positions in industrial units in the private and public sectors. The managerial requirements of public enterprises will assume a new dimension inasmuch as the government has to induct and resort to the kind of professional management that alone can make these enterprises economically viable.

The purpose of having a manpower plan is to determine the gross manpower needs and to translate these into talent and skill requirements. It has two interrelated functions. The first is to provide information about the available manpower resources and capabilities. This allows short-term plans to be made in order to cope with sudden changes in the business environment. The second and more important function is to anticipate failure. In its second aspect, it becomes a comprehensive function of interpreting plans into manpower requirements, keeping an inventory of the skills within the enterprise, planning the timely development of human skills and astutely placing key manpower in significant positions.

Unlike other commodities, human resources go on appreciating in value if utilised effectively. While this is true, it is also true that very valuable human resources could be foolishly depreciated through under-use, mis-use or over-use. Depreciation of manpower also takes place through misplaced sentimentality or absence of skills or over-utilisation. This could be avoided by formulating a manpower plan in relation to various needs

Beyond headlines

Need for manpower planning

By G. VEE

OVER thirty years of planned development have not helped our policymakers to come to grips with the unemployment problem, and its solution continued to evade our planners and academicians alike. The magnitude of the problem leaves one in a bit of a haze.

Our Five-Year Plans have consistently failed to make use of the abundant manpower resources available in the country. According to me, this has been our greatest failure. Manpower or human resources are part of, and not distinct from society. Manpower in itself is not an end, but it is a means to an end. Manpower is required to harness various material resources. The available material resources determine the pattern of requisite human resources. Only a proper combination of these two resources can bring about economic development.

Realisation has now dawned that manpower planning is the key to the economic development of developing countries like India which have unlimited manpower. Manpower management needs to be reviewed at the macro and micro levels. At the macro level we find that India is the second largest country in the world, with more than 600 million people. In terms of availability of natural resources, we have plenty of water, rich sources of minerals and power. Yet from the point of view of per capita income and the living standards of the masses, we are one of the poorest countries.

India has the second largest population in the world. Our population by 1986 will be 705 million, that is, an increase of 125 million people. Similarly, the total labour force, which was 188 million in 1974, will go up to 253 million in 1986, adding 65 million people to the existing labour force. This means that while the population grows by 21 per cent the labour force grows by 35 per cent. The magnitude of the problem is such that even by stepping up the tempo of investment or having various development projects in agriculture, industry, mining, transport, etc it may not be possible to improve the situation. These are necessary but by themselves they will not solve the problem of unemployment unless we resort to manpower planning.

At present there is an abundance of unskilled labour, with a simultaneous shortage of skilled labour in several spheres. This is an anomalous situation and needs to be corrected. The only way of doing this is resorting to manpower planning. One reason for the combination of shortages in some areas and surpluses in others is the current gap between the existing orientation of engineering and technological education and the specific requirements of industry. This gap goes on widening because once the process of economic development starts, the demand for trained personnel to meet the needs of industrialisation and exploit untapped resources also starts. The problem we are facing now is how to utilise the massive resources of under-employed and unemployed manpower. This shows that we have never had any manpower planning policy. Whether it is in industry, trade or any other economic sector there will be an increasing demand for trained manpower. The overall economic development of a country rests upon the maximum utilisation of the available resources, including manpower, which is the most important resource in the Indian context.

In most of the developing countries of Asia, the shortage of professional, technical and skilled manpower has become one of the most formidable tasks requiring solution in order to achieve planned targets of economic development. For planning the development of requisite manpower, a multi-dimensional approach needs to be adopted. The various dimensions could be :

(1) *Numerical*: The total number of persons needed for different developmental activities.

(2) *Time*: The point of time when the personnel will be needed for development.

(3) *Skill*: The categories and levels of skills required.

(4) *Space*: Where the need for manpower would arise.

(5) *Facilities*: Institutions which will turn out skilled personnel in various disciplines

The training needs may be assessed on the basis of jobs to be performed and the quality of personnel to be employed on those jobs. In the absence of manpower planning, the critical points of shortage may not easily be ascertained and if the right type of personnel are not available when required, the production and sales targets may not be achieved.

The problem of unemployment is related to manpower planning in the framework of the total development perspective and strategy. Manpower planning has been recognised as a part of economic planning in most advanced countries. In a planned economy, the assessment of manpower resources and their efficient utilisation is as importan as the development of material resources. Manpower planning in a way is a new concept. It involves systematic development of human skills *inter se*. Again, the quality of manpower is also a basi factor that determines the rate of economic progress.

Manpower planning in India is in it infancy. There has never been any concerted attempt to evolve a manpowe strategy or to formulate a clear-cut employment policy with well-defined objectives. In formulating various developmental schemes, while financial and physical targets have been carefully worke out, attention has not always been pai to the human resources necessary for the implementation. This deficiency needs t be removed and manpower planning ha to be made an integral part of every project, whether in the public or in the pr vate sector.

An increasing number of worke today want satisfying work rather tha just jobs, and as educational levels rise, s do the numbers who want a career rath than just a series of jobs.

It is time we planned manpower su ply in terms of the real absorptive cap city of the various sectors of the econom It must be remembered that manpow planning is a continuous process whi requires to be reviewed and adjusted test the validity of several assumptio made while estimating the requiremen and availability of personnel. This is a tempted at four stages of plannin namely, regional, occupational, industr and educational. Certain categories personnel are less mobile; consequent their requirements and needs have to planned on a regional basis so as to e sure self-sufficiency of the region co

Continued on page

Dr G. Vee is a management consultant attached to several companies in Singapore.

COMMERCE

l. 144 MARCH 6, 1982 No. 3691

EDITOR: VADILAL DAGLI
ASSOCIATE EDITORS: D. B. MAHATME
SUBHASH CHANDRA SARKER

CONTENTS

COMMENTS

ditorial

Fiscal framework for growth 379

COLUMNS

Editor's Notebook 383
Eastern India today: Funding of West Bengal's annual plan (P. C. Mahanti) 403
Capital market: Budget impact not discouraging (Scrutator) 425
Beyond headlines: Global trade-dismal picture (Badar Alam Iqbal) 432

FEATURES

Challenges before the drug industry (A 20-page feature) 1-20
People; The Week 378
Letter from New Delhi: Towards a Third World Bank 382
Union Budget 1982-83: A deficit of Rs 1,365 crores 384
Budget reactions 390
Economic Survey: Stress on capacity utilisation 393
Railways: Finances in disarray (Commerce Research Bureau) 399
Vadinar: Port with potential (Abhijit Doshi) 405
Bedi port: Bureaucratic impediments to growth 410
Crop & Commodity Survey - January 1982: Record wheat production expected (Commerce Research Bureau) 413

SPECIAL REPORTS

No agreement on tea exports; Tamil Nadu budget: Some sops to the poor 421

COMPANIES, STOCKS & COMMODITIES

Market gossip: Second Thoughts on budget 392

Corporate sector

In the market: Kanoria Wisconsin 427
Forthcoming company meetings 427

Equities: Budget frustrates the market 429
Commodities 430

Commerce Publications Ltd, Manek Mahal, 90 Veer Nariman Road, Bombay 400 020. Telephone: 253505, 253562, 253392.

Subscription rates: Inland—Yearly Rs 200 (Students and teachers Rs 115), Half-yearly Rs 115.

Foreign Airmail—Asia and Africa (including South-East Asian and West Asian countries) £ 37, Japan Yen 21,418, UK and Europe £ 46, USSR Rouble 71, United States US $ 117.

COMMERCE RESEARCH BUREAU

PREMIER CENTRE
FOR MONITORING CURRENT
DEVELOPMENTS IN THE INDIAN
ECONOMY

*The research work of the Bureau is organised through these nine Divisions:

(1) Agriculture
(2) Industry,
(3) Corporate Sector,
(4) Regional Economics,
(5) Banking and Finance,
(6) International Economics,
(7) Unorganised Sector,
(8) Science and Technology, and
(9) Special Studies.

* Each Division is manned by experts who have specialised in their respective subjects.

* Over the years the Bureau has built up a comprehensive economic data system which is the only one of its kind in the country today.

* Through its studies published in the "Commerce" weekly and its special numbers, the Bureau has established a high reputation for itself.

* Its exclusive and prestigious "Economic Monitoring Service" is subscribed to by some of the foremost organisations in the public and private sectors.

All enquiries may be addressed to:

The Director
COMMERCE RESEARCH BUREAU
N. K. M. International House,
178, Backbay Reclamation
Bombay - 400 020.

Phone: 24 14 23

PEOPLE

Saifullah

Mr Zafar Saifullah, IAS, took over as managing director of Trade Fair Authority of India on February 15, 1982. Mr Saifullah, who is a commerce graduate of Bombay University, has also studied law and chartered accountancy and has been the general manager of National Mineral Development Corporation, special assistant to the Union Minister of Industrial Development and a director in the ministry incharge of industrial licensing and international cooperation. He was responsible for making Mysore Paper Mills Ltd one of the leading paper and newsprint manufacturers in the country.

Mr Venkitasubramaniam Mahadevan has taken over as chief general manager of State Bank of India, Kanpur circle. He was till recently general manager (operations) of SBI, Bombay circle. The 46-year old Mr Mahadevan joined the then Imperial Bank of India in 1953 after obtaining his B.Com. with honours. During his long years with the bank, he held many key assignments related to developmental banking in Madras, Hyderabad and Bombay circles. He was also with the UN at Teheran during 1971-72 as an expert on small industries development.

Mahadevan

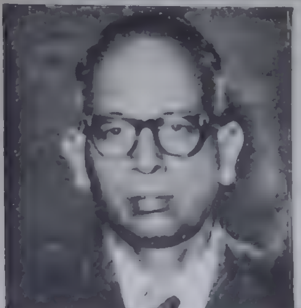
Sathaye

Mr M. R. Sathaye, who has been steering the operations of Singareni Collieries Ltd as its chief general manager since August 1981, has been with the company since December 1951 when he joined it as mine manager. The 57-year old Mr Sathaye, who studied in Pune and got his B.Sc. with honours from Bombay University, later graduated from the College of Mining and Metallurgy at Banaras Hindu University standing first, and bagged the Roberton medal, awarded by the Mining Geological and Metallurgical Institute of India, for this distinction.

Dr T. C. Rao, professor of mineral engineering and head of the department of chemistry, fuel and mineral engineering, has been awarded the 1978-79 National Mineral Award for his significant contribution to applied research in coal preparation.

Mr S. V. Mani, managing director, Value Engineering Private Ltd, has been elected chairman of Indian Institution of Industrial Engineering, Bombay chapter.

Mani



Rajagopalan

Mr Ravi Belhe has been appointed managing director of Dr Beck & Co (India) Ltd, Pune.

Dr K. S. Rajagopalan has assumed charge as director of Central Electrochemical Research Institute, Karaikudi. He succeeds Dr H.V.K. Udupa who has retired.

THE WEEK

Canada has offered India a soft credit facility to set up a 1,000 mw hydro power station.

The State Trading Corporation's monopoly ove cement imports has been ended. State Governmen agencies will now be allowed to import cement.

The Indo-Soviet Joint Commission on economi and technical co-operation will meet in Moscow i June.

The Union Government will set up fully equippe modern regional laboratories to test the quality o seeds, fertilisers and pesticides.

Yugoslavia proposes setting up a joint ventur with India for the production of semi-processed cocoa with a 100 per cent buy-back arrangement.

The Union Government proposes to amend the Foreign Exchange Regulation Act to facilitate the inflo of technology and expansion of the production base of foreign companies.

India and Pakistan signed a new agreement on rai communications which will expedite the movemen of goods trains between the two countries.

The Reserve Bank has announced an increase i the brokerage payable by non-banking financial companies and miscellaneous non-banking companies o public deposits for a period exceeding one year.

The State Trading Corporation has finalised contracts for the import of 15,000 tonnes of natura rubber.

Wholesale price index

At 277.7, the latest available wholesale price inde for the week ended February 13, 1982 showed a fall o 0.1 per cent. However, it showed a rise of 3.1 per cen over the year.

Money stringent

Conditions in the Bombay short-term money marke were stringent as of Monday (March 1, 1982). In th inter-bank call section both notified and commercia funds were renewed at ten per cent. Fresh money wa transacted at ten per cent. The market closed at te per cent.

We deeply regret the delay in publishing *Commerce* issues, dated February 20 and 27, which was caused by labour unrest in the printing press. We request our readers to bear with us.

— Editor

COMMERCE

Fiscal framework for growth

THE merit of the Union Finance Minister, Mr. Pranab Kumar Mukherjee's maiden budget for 1982-83 is that it provides a pragmatic fiscal framework for industrial growth. It has also decided to divert more resources for agriculture and irrigation. Its massive thrust in energy sector should also strengthen the infrastructure which is the weakest link of the Indian economy. Then why has this budget evoked jeers? The answer seems to lie in the fact that the expectations had been pitched too high. The fact is that no Finance Minister is in a position to dismantle a system built up over the years and thus can radically alter the fiscal structure. This is all the more so when defence expenditure exceeds Rs 5,000 crores. All that is open to a well-meaning Finance Minister is to reduce the irrationalities and distortions. Unfortunately in building up the expectations this fundamental constraint on the preparation of the budget was overlooked.

Take the case of stock exchanges. For several weeks before the presentation of the budget the stock markets expected reduction in corporation tax and excise duty on consumer goods and substantial relief in income-tax. All these expectations have been fulfilled but in a manner which would not give either the corporate sector or investors unconditional incentives. The initial reaction was to rivet attention on the conditionality of the incentives rather than on the incentives and decry the budget. The incentives are none the less real for that. The stock markets came to realise the same after an initial adverse reaction. Mr Mukherjee has given productivity-export-linked incentives to the corporate sector. This would not only give this sector some tax relief but also improve its cash flow position.

Higher plan outlay

The total Plan outlay (Centre, States and Union Territories combined) is stepped up from Rs 17,479 crores this year to Rs 21,137 crores next year, a rise of Rs 3,700 crores or 21 per cent. We welcome this rise, for this would set a pace for the investment in the private sector. The outlay for crude petroleum and refineries for 1982-83 represents an increase of 90 per cent and the outlay for the energy sector as a whole would be higher by as much as 62 per cent than that in the last year. This would provide a shot in the arm to increase the production of crude petroleum and augment the total availability of energy. This may help reduce our dependence on imports which is a need of the hour in the context of the precarious balance of payments position. Increased expenditure for raising the output of edible oils, and pulses, through the creation of more irrigation facilities, is another step which will provide the framework for growth just as concessions for higher productivity in industry would do in the industrial field.

The provision for irrigation and Command Area Development in the Central and state plans has been raised to Rs 2,133 crores from Rs 1,830 crores in 1981-82. The outlay for agriculture in the Central and state plans has similarly been raised to Rs 1,202 crores from Rs 1,047 crores. There is a provision for a 31 per cent increase in the allotments for the Integrated Rural Development Programme *(IRDP)* in the Central sector to Rs 190 crores compared with Rs 145 crores in 1981-82. This is expected to be matched by an equivalent provision by state governments. Each block in the country is expected to receive Rs 8 lakhs during 1982-83 compared with Rs 6 lakhs in 1981-82 under the scheme. More than 30 lakh rural families would be assisted during 1982-83. There is similarly a hike in the provision in the Central Plan for the National Rural Employment Programme *(NREP)* to Rs 190 crores. The states are also expected to provide the same amount. Nearly 350 million mandays of employment are expected to be generated in the rural areas in addition to the creation of durable community assets. The Special Component Plan for scheduled castes would receive a Central assistance of Rs 120 crores. This will be supplemented by the Central investment of Rs 13.5 crores in the scheduled caste development corporations, with a matching contribution by the state governments. The state plan outlays of Rs 273 crores for the Centrally-sponsored Accelerated Rural Water Supply Programme, to cover 45,000 problem villages, will receive Rs 127.5 crores from the Central Government. The provision for house sites for rural landless persons is Rs 74 crores. Rural electrification is allotted Rs 354 crores to electrify about 25,000 villages and energise 4.25 lakh pumpsets. Nearly 75,000 bio-gas plants are expected to be set up in 1982-83, for which a provision of Rs 5 crores has been made.

The sharp rise in Plan outlay should be viewed against the backdrop of deceleration in the inflation rate. During recent months the Government has raised more than Rs 1,250 crores by imposing fresh taxes on people. Railways have raised Rs 320 crores a year by increasing freight by 10 to 15 per cent from January 1, 1982 (not to speak of a marginal burden of Rs 10-15 crores imposed in October last in the name of rounding-off). The Railway budget for 1982-83 has raised about Rs 2 crores from increased passenger fares and freight. Just before the Union budget the Government imposed a burden of Rs 100 crores a year in the form of increased tariff for post and telecommunications. As if this was not enough , these tariffs were again revised while presenting the budget for 1982-83 to yield as much as Rs 35 crores per annum. To this has been added the new taxes — mainly through customs and Union excise duties — of Rs 534 crores. All these direct and indirect levies would result in a rise in prices. In particular the freight increase on the railways would have a widespread adverse effect on the prices of a series of commodities.

What about the charge of IMF dictation? The Finance Minister has not liberalised imports and has not reduced subsidies. So the charge of IMF interference in the formulation of the budget appears to be unfounded. The Finance Minister himself has also solemnly declared that there was no consultation on the budget with the IMF. His budget proposals are in tune with that assertion.

Resource mobilisation

Mr Mukherjee has defined the objective of his policy for 1982-83 to be "to maintain the momentum of growth and to make an all-out effort to achieve the social and economic objectives of the Sixth Plan". To achieve this goal it would be necessary to mobilise "resources in a non-inflationary way" to meet the investment requirements of the economy, which "are large and brook no delay" and to take measures "to utilise the existing capacities fully". These are commendable goals and are in keeping with the needs of the hour. The Finance Minister has no doubt made a valiant effort to act up to the principles he has laid down. In order to mobilise savings he has announced the Government's decision to issue two new savings instruments.

One is the Social Security Certificate in which an individual between the age of 18 and 45 can invest up to Rs 5,000 which will treble in ten years. An attractive feature of this certificate is that it will also provide insurance in that in the case of the investor's demise his nominee or legal heir will become immediately entitled to the full maturity value of the certificate. There is no doubt that quite a number of small investors would be attracted towards this certificate, when the LIC's performance in the matter of service leaves much to be desired. The Capital Investment Bond is the other new savings instrument which the Finance Minister has announced. The ten-year bond will carry an interest at the rate of 7 per cent, free of income tax, and will also be exempt from wealth tax and, up to Rs 10 lakhs, in the case of first holder, from gift tax. This would be an attraction for the more affluent section of investors. In fact the capital investment bonds should be called bearer bonds for white money. This the Government should have done long ago. Instead it launched the despicable black money bearer bonds, which demoralised the honest tax-payer and considerably weakened the moral fibre of the nation. As a matter of fact, capital investment bonds must emerge in course of time as a major avenue of mobilising savings from upper classes as the terms of issue of these bonds have been made so attractive. The proceeds of the bond also will augment the resources of the public sector. Non-residents will also be able to invest in the 12 per cent 6-year National Savings Certificates which for them would be free from income, wealth, and gift taxes.

Augmenting private sector resources

To encourage the flow of savings into the private sector the Finance Minister has raised the qualifying amount of investment in equity shares of new industrial companies and companies engaged in providing long term finance for construction or purchase of houses for residential purposes from Rs 10,000 to Rs 20,000 so that, depending upon the actual investment made, a person could claim exemption from taxation up to Rs 10,000 during the financial year. At the same time, the limit of exemption from taxation of income derived from investment in any specified financial assets has been raised from Rs 3,000 to Rs 4,000. The ceiling of the value of investments in specified financial assets exempt from wealth tax has also been raised from Rs 1.50 lakhs to Rs 1.65 lakhs. Investments made by non-residents of Indian origin have also been made easier so long as they are not for transactions in commercial property and land.

Production incentives

Mr Mukherjee has provided several incentives for increasing production and capacity utilisation. He proposed to formulate a scheme of excise duty concession covering as many as 38 tariff items for increased production of goods during the 12 month period, March 1982 to February 1983. Under this scheme if the production of any unit during this period exceeds 110 per cent of the production during the 12 months ending February 1982, twenty per cent of the excise duty paid on excess production in certain cases, and ten per cent of the duty in other cases, would be given as credit, which may be utilised by the units concerned for payment of Central excise duty during the financial year 1983-84. The industries which would be eligible for excise duty concessions include such important ones as caustic soda, fertilisers, steel ingots and steel products, synthetic resins, internal combustion engines, wires and cables two and three wheeled motor vehicles, light and heavy commercial vehicles, tractors, railway wagons, man-made fibres and filament yarn, tyres and writing and printing paper. Small-scale producers who actually pay duty would also be eligible to take advantage of this scheme. On the other hand, fully exempted from excise duty are pencils, erasers, pens, including ball point pens and refills, laboratory glassware, enamelware, thermos flasks and parts, water coolers, candles, tooth brushes, spectacles and spectacle frames, one-day alarm clocks, domestic water filters, hand pumps, braille typewriters, invalid carriages and helmets.

Investment allowances of 35 per cent in respect of machinery and plants installed for the manufacture of articles, made with know-how developed in government laboratories, public sector companies etc. are extended for a further period of five years. On devices and systems for energy saving or for conservation of natural resources a depreciation of 30 per cent would be allowed. It is regrettable that the excise relief for such an obvious fuel-saver as pressure-cooker has not been given. The levy of wealth tax on tea, coffee, rubber and cardamom plantations is discontinued. So is the levy of a tax on the gross receipts of luxury hotels.

The Finance Minister deserves congratulations for varying the levy of excise duties to obviate the genuine difficulty of manufacturers of synthetic organic dyestuffs to prevent exploitation of the concessions granted to small scale producers, by vested interests. The genuinely small manufacturers, whose clearances do not exceed rupees one lakh per annum, are exempt from the hike in imports. The same practice has been followed in specified consumer electronic goods to provide duty concession only to genuine small manufacturers with total annual turnover not exceeding rupees two crores.

Partial free sale of cement

The announcement of dual pricing of cement, releasing a third of the production of established units for free sale is a most welcome decision. Although the Finance Minister has raised the total excise duty on cement sharply, the release of a part of production of cement for sale in the open market would mitigate the incidence of the existing manipulation of cement distribution pushing up cement prices in the black market, as a result of which the actual price paid by the consumer of cement, as distinct from the control price at which it is supposed to be available but is not available to most consumers, may in fact turn out to be lower than what it has been so far.

He has extended the input excise duty relief to synthetic rubber, carbon black and rubber processing chemicals going into the production of tyres. Although the duty on tyres would be varied from 60.5 per cent to 66 per cent *ad valorem* tyres for tractors and scooters would be exempt from this rise. Polyester blended fabrics woven on handlooms would be exempt from processing stage excise duties, if they are processed in factories set up by state handloom development corporations or apex cooperative societies approved by the Central Government. Some changes in the excise levy on blended cotton yarn and cellulosic spun yarn have been proposed to encourage the consumption of blends of cotton and man-made fibre yarns of desirable propositions. Blends containing 70 per cent or more of polyester fibre are exempt from the proposed hike in excise rates on different blends.

Incentive to exports

In order to boost export production the Finance Minister has allowed the units in the Free Trade Zones to sell in the domestic market up to 25 per cent of their production on payment of appropriate duties. This measure would mitigate the difficulties experienced by 100 per cent export oriented units in marketing abroad their entire production and thus meet a vocal demand of exporters.

Some tax relief is also provided to exporters whose export turnover exceeded by more than 10 per cent compared with the immediately preceding year. The tax relief would be limited to 10 per cent of the income-tax otherwise payable on export profits. Construction contractors who have undertaken projects outside India are also granted exemption of 25 per cent of the profits derived from foreign contracts. To increase the competitiveness of export of capital plant and machinery, interest earned on credit sanctioned by scheduled banks for such exports on deferred payment terms is exempted from interest tax.

Deficit

The total receipts for the year 1982-83 have been placed at Rs 27,134 crores at the existing rates of taxation and the total expenditure at Rs 29,219 crores, leaving a deficit of Rs 2,085 crores. The Finance Minister through his budget proposals expects to raise Rs 720 crores (including receipt of Rs 250 crores for the capital investment bonds) for the Centre, finally leaving a deficit of Rs 1,365 crores as against the revised deficit of Rs 1,700 crores for 1981-82. It is unfortunate that despite the suggestion made by the *Economic Survey* "to ensure that large investments made by the community earn an adequate rate of return within a reasonable period of time" and the Finance Minister's own observation in his budget speech that "adequate resources for further investment in new capacities will not be forthcoming unless we also take action to utilise the existing capacities fully" the Government has not thought it fit to cut down the ever-increasing expenditure.

Over-government

The most deficient aspect of the budget is the absence of any evident effort on the part of the Government to contain expenditure. A budget of Rs 30,000 crores is nearly 20 per cent of our national income and a continuing deficit in such a budget cannot but contribute to the inflationary pressures. Although revenue receipts of the Central Government during 1981-82 are estimated to be Rs. 1,046 crores more than the budget estimate of Rs 15,373 crores, the year is expected to end with a deficit of Rs 1,700 crores against the budget estimate of Rs 1,539 crores. Similarly even after the imposition of Rs 470 crores of additional taxation (accruable to the Central Government during 1982-83) there is to be an uncovered deficit of Rs 1,365 crores in the Central Budget during 1982-83. The next year's budget provides for an estimated defence expenditure of Rs 5,100 crores — Rs 500 crores more than in the revised estimate for 1981-82.

The Finance Minister has sought to justify this increase by referring to the "evolving geo-political situation in our region and the difficult environment in which we are functioning". While fully sharing the anxiety of the Government about maintaining the interests of national security the question cannot but be raised if the same objective could not be served in a more economical manner. The defence expenditure is mostly outside the purview of public scrutiny and that is all the more reason why the Government should impose a stricter yardstick to judge the reasonableness of any demand for raising this largely non-productive expenditure. A ten per cent cut in non-development expenditure would have obviated any deficit in the budget. It is urgently necessary that the Government makes savings of at least five per cent across-the-board in Central Government expenditure, including defence. We believe that there would not be any adverse effect on physical targets if the government officers work in the spirit of the jawans who man our borders.

LETTER FROM NEW DELHI

Towards a Third World bank

THE South-South Conference, originally conceived as a conference, was subsequently toned down to the level of consultations. The three-day 44-nation South-South confabulations ended in New Delhi on February 24. The purpose of the New Delhi consultations was to evolve a set of recommendations to be made to the Group of 77 at the United Nations which is the fully representative body of the developing countries. For this purpose two committees were formed, one to evolve an agreed strategy of developing countries in regard to the grounded North-South global negotiations and the other to recommend steps to concretise the ideal of South-South cooperation. Both the committees more or less drew what could be described as a blank.

This seeming futility does not, however, negate the value of the consultations. The fact that 44 sovereign nations considered it wise to send their representatives to attend the meeting was itself a matter of great significance. The New Delhi consultations had a specific purpose in view and to that extent the exchanges of the ideas of the representatives of different nations were of considerable significance. Even a cursory glance at the economies of the different developing countries would reveal that to bring about a complementarity of interests considerable groundwork would have to be done. And all that was beyond the capacity of a three-day conference.

However, it one were to refrain from judging such contentious multinational parleys in terms of cut-and-dry results, it is possible to discern a silver lining in the cloud. The meeting has served some purpose inasmuch as the participating countries now understand one another's position better. Considering the growing impatience of certain countries, also perhaps useful has been the reaffirmation commitment to dealing with the North in the manner that combines firmness and flexibility — firmness in regard to pursuit of the objective, flexibility in regard to approach.

How difficult and tortuous was the progress of the consultations can be gauged from the delay in the release of the final document. First, the two committees had to sit till late in the night in the concluding stages in order to hammer out their individual drafts. After these drafts were welded into a combined statement, this document underwent further changes in the concluding plenary session. As a result, when Mr Romesh Bhandari, secretary for economic relations in the External Affairs Ministry, finally briefed the press on February 24 evening, he had no document to distribute. The document was eventually released on February 25 forenoon, more than 12 hours after the conclusion of the consultations.

The committee entrusted with North-South issues failed to evolve a consensus in regard to the strategy to be adopted towards the developed countries in the context of global negotiations. The main reason why the global negotiations have remained stuck is the American insistence that the Brettonwoods agencies — World Bank, IMF and GATT — should be kept out. India and several other countries rightly feel that this would negate the very purpose of global negotiations. Among other things, it seems that the oil producing Arab countries had a point of view somewhat different from that of the other developing countries. The divergence in thinking of the South-South oil producers and oil importers in regard to the North was indirectly hinted at by the consultations chairman, Mr G. Parthasarathi, when he regretfully spoke of the lack of "adequate progress" towards "lightening the financial burden of increased oil prices and to ensure supplies of oil to developing countries". It was unfortunate that the Arab oil exporters could not see the identity of their interests with those of the developing countries. The oil situation was changing and it may not remain as comfortable for the oil exporters as it has been over the past few years. Indeed one of the advantages of the rich countries in dealing with the poor countries has been the utter inability of the poor countries to put up a united stand.

Since the New Delhi meetings could not pave the way for evolving a common strategy towards the North, the Group of 77 at New York has now very little time to cover the handicap before the special session of the United Nations General Assembly starts on March 16.

Financing institutions

Regarding the labours of the Committee on South-South cooperation, it also had very little concrete achievement to report on. However, it was agreed that the various proposals made during the consultations should be further examined in detail at the level of the Group of 77. India proposed the setting up of a South-South financing institution on the lines of the World Bank. An international bank for the Third World is the crying need and the sooner the various developing countries come forward to make this a reality the better it will be for them. Such a bank would immediately raise the effectiveness of the utilisation of the funds at the disposal of individual countries. A third proposal was to have an institutional framework for investments based on joint ventures in developing countries. The joint ventures have wide-ranging possibilities and that is one reason why the developed countries have been so active in forming joint ventures. Unless urgent attention is given to the matter, the developing countries may soon suffer the mortification of finding themselves pre-empted even in this field.

Further, efforts are to be made to establish a global system of trade preferences among developing countries. Indeed this is the area which demands the most careful attention as the success or failure in this regard would affect the degree of complementarity in the economies of the various developing countries. Regarding food, an agricultural group drawn from various regions is to be entrusted with the task of formulating collaborative projects. In the field of energy, there was the oft-repeated exhortation for cooperation among developing countries for stable energy supplies to the oil importing members, assistance for exploring their oil reserves and mitigation of their financial burden. But, as expected, there was no reference to the need for a preferential price.

One concrete decision was that a centre for cooperation in science and technology is to be set up, appropriately, in India.

EDITOR'S NOTEBOOK

Vadilal Dagli

am glad that at last the Government . has taken note of the fact that capacity ilisation is one of the most intractable roblems of the Indian economy today. nstead of declaring 1982 as productivity ear the Prime Minister could have been nore specific and should have declared ne year as "Capacity Utilisation Year". 'he *Economic Survey 1981-82* recognises he same fact when it pleads for "the reation of an environment in which the roductivity of investments is upto xpectations". This is officialese. In simple vords, what it says is that today capacity reated remains so utterly unutilised that he return on investments continues to e poor. The *Economic Survey* says: there is evidence that actual output per nit of capital employed in the economy ias been decreasing and this has had dverse effects on the growth of the conomy as well as on the resource osition of the Government. It is necesary to reverse this trend, and to ensure hat large investments made by the community earn an adequate rate of return vithin a reasonable period of time. This bjective can be achieved only if existing apacities are utilised fully, and new rojects are implemented according to riginal time schedules. Unfortunately, xperience in regard to implementation of projects has not been entirely satisactory".

No doubt, there is some improvement in capacity utilisation in industries like aluminium and steel. In 1977 the capacity utilisation of aluminium industry was 60 per cent and this rose to 65.5 per cent last year and that of saleable steel in the same period rose from 77.1 per cent to 81.9 per cent. But to say that we have achieved 66 per cent capacity utilisation in case of aluminium is not something of which we may be proud. True, as mentioned above, capacity utilisation in case of saleable steel has increased to 81.9 per cent. However, it should be noted that in the private sector steel plant of Tatas it has gone up above 90 per cent. What is the picture in other industries? Capacity utilisation of paper and paperboards in 1977 was 82.7 per cent, but in 1981 it was 70.2 per cent. As far as newsprint is concerned, capacity utilisation has slumped from 94.3 per cent to 57.9 per cent during this period. In case of cement it went down from 87.7 per cent to 70.3 per cent and in case of power it declined from 52 per cent to 45 per cent during the same period.

The *Economic Survey* should not have been content with mere noting of the fact that output per unit of capital employed has been declining over the years. Instead, it should have devoted a separate chapter on capacity utilisation dealing with the whole gamut of problems industry by industry and suggested measures to maximise capacity utilisation throughout the economy. In irrigation the capacity utilisation is not more than 60 per cent. So whether it is industry or agriculture or power, the capacity utilisation remains so low that one wonders whether future capacities are necessary.

★

THE reported decision of the Government of India to commercialise almost all the channels of All India Radio will complete the process of vulgarisation of mass media in the country. At present advertisements are broadcast on the Vividh Bharati channel which takes only 10 per cent of the country's broadcasting time. But now the Government of India has thought it fit to broadcast commercials before and after the Hindi news bulletins every night! Until recently on TV 'Chhayageet' was shown only once a week; but now it is being shown twice a week. No doubt both Vividh Bharati songs and Chhayageet are popular items. But being a part of Hindi films, which thrive on sex and crime it has perverse,influence on the public mind. Recently I saw a Chhayageet in which a lover was brutally handling his beloved. Advertisements before Chhayageet are mostly of luxury goods suited to the life style of a minority even among the affluent. The demonstration effect of these advertisements on the common man who does not get his sugar adequately and who has to stand in a queue for kerosene would be unsettling. Now that commercials will also penetrate into rural areas through news bulletins the same unsettling effect would be visible among the people in the rural areas, accentuating further the agitation for higher prices of agricultural produce and better standard of living which the government has found difficult to contain.

What has happened is that the government seems to be bent on handing over public-financed mass media to advertisers and promoters and the producers of luxury goods. In this situation the people should demand that private broadcasting should be permitted so that some public spirited citizens may organise special broadcasting channels for culture and art.

★

THE life of Prof. K.T. Merchant, who completed 75 years of his useful life on February 24 symbolises civilised dissent. It was in the fitness of things that his friends and admirers in the academic and banking world honoured him by hosting a modest lunch. Prof. Merchant, who always espoused the cause of the unprivileged, would not have liked anything sumptuous. Born in a poor family in 1907 in Bombay, Prof. Merchant earned a scholarship and went to England to study at the London School of Economics. He was in the U.K. in the thirties and came under the influence of the Fabians. Today, he would prefer himself to be described as a Gandhian Marxist. On his return from the U.K. he taught at Ahmedabad and then joined the Elphinstone College where he rose to be the principal. He was also the principal of the famous Sydenham College of Commerce. The most outstanding contribution of Prof. Merchant is his *magnum opus Our Economic Problem* which he wrote with Prof. P. A. Wadia. This became a classic textbook on Indian economy. It was different from the other books on Indian economy, in that it concentrated on poverty of India. It is here that he stressed the need for central planning. He also wrote a critique of the Bombay Plan launched by leading industrialists after the war. Prof. Merchant is a scholar and crusader. After his retirement, he relentlessly exposed certain irregularities in the corporate sector. No one will accuse him of ill-intentions. He is basically for decency and for clean and less inequitable economic life. We, in *Commerce*, would like to express our gratitude on his 75th birthday for his outstanding contributions to this journal. He wrote such articles which few economists would care or dare to write. Prof. Merchant has an assured place among the pioneers of Indian economic thought.

★

UNION BUDGET 1982-83:

A deficit of Rs 1,365 crores

NEW DELHI

PRESENTING the Central Budget for 1982-83 in the Lok Sabha on February 27 the Finance Minister, Mr. Pranab Mukherjee, estimated the overall budgetary gap at the existing rate of taxation at Rs. 2,085 crores. Total receipts for 1982-83 are estimated at Rs 27,134 crores and total expenditure at Rs 29,219 crores.

External assistance, net of loan repayments, is estimated at Rs 1,669 crores as against Rs 1,381 crores in 1981-82. Receipts from market loans are estimated at Rs 3,200 crores compared with Rs 2,900 crores in 1981-82. Small savings are estimated to yield Rs 1,400 crores as against Rs 1,300 crores in the revised estimates.

The Finance Minister disclosed that the current year (1981-82) was expected to close with a deficit of Rs 1,700 crores, against the budgetary estimate of Rs 1,539 crores.

He announced two new saving instruments in order to mobilise private savings for public use: —

(i) The Social Security Certificate, and
(ii) The Capital Investment Bonds.

Under the Social Security Certificate scheme, which has been specially designed for the small savers, an individual between the age of 18 and 45 can invest up to Rs 5,000 which will triple in 10 years. The certificate will also provide social security to his family. In the event of investor's demise, his nominee or legal heir will become immediately entitled to the full maturity value of the certificate. The Finance Minister hoped that this national saving instrument would prove particularly attractive to large numbers in rural areas and persons of small means everywhere.

The second instrument, *i.e.* the Capital Investment Bond, will have a maturity of 10 years and carry an interest rate of 7 per cent free of income-tax. These bonds will also be exempted from wealth tax and up to Rs 10 lakhs, in the case of their first holder, from gift tax. Purchasers will have to duly account for these investments.

The Finance Minister announced a number of measures to further encourage the flow of funds from remittances from people of Indian origin abroad. Any investment, without repatriation rights made by non-residents of Indian origin, so long as it is not for transactions in commercial property and land, will be treated on the same footing as investments of resident Indian nationals. They will be allowed to invest with repatriation rights in any new or existing company up to 40 per cent of the capital issued by such company. They can also purchase shares of companies quoted on the stock exchanges subject to specified limits.

The interest rates on new deposits of maturities of one year and above held in non-resident external accounts will carry interest of two per cent above the rates permissible on local deposits of comparable maturities. Gifts made in India out of deposits in these external accounts will be free from gift-tax. The non-residents can also invest in the 12 per cent six year National Savings Certificates which, for them, will be free from wealth, income- and gift-taxes.

Facilities for investment in non-resident external accounts and in Indian companies will be extended to companies, partnership firms, trusts, societies and other corporate bodies owned, to the extent of at least 60 per cent, by non-residents of Indian origin.

Relief for pensioners

Mr Mukherjee announced further relief for the pensioners especially at the lower level of pensions. The minimum amount of pension plus relief will be raised to Rs 150 per month. The minimum amount of family pension plus relief will also be increased to Rs 140 per month. The Finance Minister said that these measures would benefit about seven lakh low paid pensioners and two lakhs of family pensioners.

For 1982-83, a lumpsum of Rs 350 crores has been provided for payment of additional instalments of dearness allowance and pension relief to Central Government employees.

Higher outlays for 20-Point Programme schemes
Plan outlay for 1982-83 up by 21 per cent
Pensioners to get more
Two new saving schemes announced
More incentives for investment by non-resident Indians
Higher allocations for core sectors
Ninety per cent rise in outlay for petroleum schemes

Higher plan outlays

The Finance Minister announced step up of 21 per cent in plan outlays 1982-83. The plan outlays of the Centr State and the Union Territories for 198 83 will be Rs 21,137 crores as agai Rs 17,479 crores in 1981-82.

The outlay for the Central plan 1982-83 will be Rs. 11,000 crores, 2 per cent higher than in the 1981-82 bud estimates.

Mr Mukherjee announced higher o lays for several areas emphasised in t 20-point programme. The highlig are: —

— A provision of Rs 2,133 crores f irrigation and command area develo

"The total expenditure is esti mated to be Rs 26,554 crores i the Revised estimates compare with Rs 24,871 crores in th Budget estimates. As agains this, the total receipts are no estimated at Rs 24,854 crore compared with Budget estimat of Rs 23,332 crores. Thus, th current year (1981-82) is expec ed to close with a deficit o Rs 1,700 crores, against th Budget estimate of Rs 1,53 crores."

ent as against Rs 1,830 crores in 1981-2,

A higher outlay for agriculture at s 1,202 crores as against Rs 1,047 crores 1981-82,

Rs 190 crores for the integrated rural evelopment programme in the Central ector, as compared with Rs 145 crores n 1981-82. Each block will receive Rs 8 akhs compared with Rs 6 lakhs in 1981-2. More than three million rural families re expected to be assisted in 1982-83.

— The provision in the Central plan for the National Rural Employment Programme is being increased to Rs 190 crores. This will be matched by an equal provision by the States. The programme will generate employment of about 350 million man-days in rural areas besides creating durable community assets.

— Central assistance for the special component plans for scheduled castes has been raised to Rs 120 crores and will be supplemented by a Central investment of Rs 13.5 crores in the Scheduled Castes Development Corporation with a contribution of the same order by the States,

— The outlay for centrally sponsored accelerated rural water supply programme has been increased to Rs 127.5 crores to supplement the State plan outlay. This will cover an estimated 45,000 problem villages,

— A provision of Rs 74 crores has been made for house sites for rural landless persons and Rs 29 crores for environmental improvement slums in the state plans,

— About 25,000 villages will be electrified and 4.25 lakh pump-sets energised in 1982-83. An outlay of Rs 354 crores is planned for rural electrification,

— A provision of Rs 5 crores has been made to facilitate setting up of Rs 75,000 bio-gas plants. Social forestry scheme is being expanded to cover four lakh hectares in 1982-83,

— Outlay for family planning has been increased to Rs 245 crores, compared with Rs 155 crores in 1981-82.

— A provision of Rs 120 crores has been made in the central plan for health care — Rs 82 crores for minimum needs programme of the States for expanding rural health services,

— Rs 16 crores in the Central plan for welfare programmes of women,

— The Integrated Child Development Services Programme to be expanded to 1000 projects by the end of the current plan as against the earlier target of 600 projects,

— An outlay of Rs 14.25 crores in the Central plan for the adult education programme,

— Higher outlay of Rs 340 crores for development of village and small industries as against Rs 315 crores.

The Finance Minister announced that the Central assistance for development of hill areas has been raised to Rs 112 crores as against Rs 92 crores in 1981-

Budget at a glance: 1982-83

(In crores of rupees)

	1981-82 Budget	1981-82 Revised	1982-83 Budget
REVENUE RECEIPTS			
Tax Revenue	14,668	15,754	17,614 +533*
Less—States' Share of Tax Revenue	4,131	4,274	4,716 +63*
Net—Centre's Tax Revenue	10,537	11,480	12,898 +470*
Non—Tax Revenue	3,790	3,893	4,233
Total—Centre's Revenue	14,327	15,373	17,131 +470*
CAPITAL RECEIPTS			
Loan Recoveries	1,950	2,240	2,513
Market Loans (Net)	2,800	2,900	3,200
Special Bearer Bonds	800	875	—
External Loans (Net)	1,000	1,060	1,472
Other Receipts	2,455	2,406	2,818 +250*
Total—Capital Receipts	9,005	9,481	10,003 +250*
Total Receipts	23,332	24,854	27,134 +720*
Overall Deficit	1,539	1,700	2,085 −720*
			1,365

	1981-82 Budget	1981-82 Revised	1982-83 Budget
REVENUE DISBURSEMENTS			
General Services	4,591	4,588	5,606
Defence Services	3,794	4,136	4,599
Social and Community Services	1,073	1,091	1,253
Economic Services	2,961	3,153	3,405
Grants-in-aid to States etc.	2,880	2,980	3,364
Total Revenue Disbursements	15,299	15,948	18,227
Revenue Surplus + Deficit −	−972	−575	−1,096 +470*
CAPITAL DISBURSEMENTS			
General Services	74	32	257
Defence Services	406	464	501
Social and Community Services	203	182	185
Economic Services	3,403	3,556	3,768
Loans and Advances	5,486	6,372	6,281
Total—Capital Disbursements	9,572	10,606	10,992
Total Disbursements	24,871	26,554	29,219
Capital Surplus + Deficit −	−567	−1,125	−989 +250

* Effect of Budget proposals.

> **"The Capital Investment Bond... is designed to attract a larger flow of private savings for public sector investment. These bonds will have a maturity of ten years and carry an interest rate of 7 per cent, free of income-tax. They will also be exempt from wealth tax, and up to Rs 10 lakhs in the case of their first holder, from gift tax."**

82. He said that the Government has also recenlty extended to all hill areas liberalised pattern of Central assistance, comprising 90 per cent grant and 10 per cent loan.

Increased outlays for crucial sectors

Mr Mukherjee announced substantial increases in outlays for crucial sectors of the economy, in line with the Sixth Plan strategy.

The outlay for crude petroleum sector including refineries and petro-chemicals has been raised to Rs 2,045 crores in 1982-83, an increase of 90 per cent over the 1981-82 level. The outlay for coal has been raised to Rs 877 crores, 52 per cent more than in 1981-82.

For the power sector, the outlay in the Central Plan is Rs 929 crores compared with Rs 721 crores in 1981-82. The Finance Minister announced that the new central power projects include installation of additional capacity of 1000 mw each at the Korba and Ramgundam superthermal power stations. The total outlay for the power sector in the state and central plans taken together is Rs 3,977 crores compared with Rs 3,326 crores in 1981-82. Additional generation capacity of 3,500 mw is expected to be commissioned during 1982-83.

The Central plan outlay for the transport sector is being stepped up to Rs 1,757 crores from Rs 1,535 crores in 1981-82. An intensive modernisation programme is being implemented in order to remove congestion at ports.

Announcing a provision of Rs 480 crores for the various programmes of the departments of heavy industry and industrial development, the Finance Minister said that the total installed capacity for cement production in the country would go up to 38 million tonnes in 1982-83 as against 32 million tonnes in 1981-82.

The plan outlay for steel for 1982-83 is Rs 860 crores including a provision of Rs 250 crores for the Visakhapatnam steel plant. The first phase of 1.2 million tonnes capacity is expected to be completed by the end of 1985. For the Orissa aluminium project, an outlay of Rs 140 crores has been provided.

In the chemicals and fertilisers sector, a sum of Rs 507 crores has been provided, including Rs 210 crores for the Thal-Vaishet project and Rs 120 crores for the Hazira project.

The Finance Minister announced that the outlay for the science and technology sector in the Central plan for 1982-83 would be Rs 184 crores. He referred to the notable achievements by our scientists in regard to the successful expedition to Antarctica. Mr Mukherjee said that he proposed to undertake a detailed survey in the Indian ocean, following the collection of poly-metallic nodules from the seabed for the first time by our ships last year. For the recently created Department of Ocean Development an allocation of Rs 17 crores has been included in the plan of the science and technology sector.

"In the power sector, the outlay in the Central plan is Rs 929 crores compared with Rs 721 crores in 1981-82. Taken together, the outlay for the energy sector is 62 per cent higher than the current year, and constitutes 34 per cent of the Central Plan outlay."

The Finance Minister said that while he had tried to contain non-plan expenditure for the next year, certain increases have been unavoidable. Defence expenditure is estimated at Rs 5,100 crores as against Rs 4,600 crores in the revised estimates for 1981-82. He said: "Hon'ble Members will, I am sure, agree with me that in view of the uncertain external environment, the requirements of national defence should be fully met."

Balance of payment situation

The Finance Minister referred to the substantial deterioration in our balance of payments since 1979-80, and outlined the main elements of the government strategy for restoring viability in this regard in the coming years. First and foremost, he said, the aim would be to secure increase in domestic production of petroleum and petroleum products, fertilisers, steel, edible oil and non-ferrous metals which account for nearly 60 per cent of our total imports.

Exports

The Finance Minister underlined the importance of expanding the export base and creating conditions, conducive to larger exports. Much greater effort, he said, is now needed to expand those exports for which world markets are growing. Adequate facilities for growth of receipts from invisibles, particularly from remittances by non-residents of Indian origin require to be provided.

Reviewing the ground covered in the past two years, Mr Mukherjee said the economy is now back on the rails. This provides the country with an opportunity to initiate further efforts for moving economy forward and to achieve the necessary medium term adjustment.

Mr Mukherjee said the objective of policies in 1982-83 will be to maintain the momentum of growth and an all-out effort to achieve the social and economic objectives of the Sixth Plan. This would call for larger investments and a relentless pursuit of goals of higher productivity, efficiency and reduction in disparities. This is the message of the revised 20-point programme. The programme identifies areas of special thrust in which there must be no compromise on performance

Eradication of economic offences

Mr Mukherjee assured the members that the Government's commitment to eradicate all economic offences was firm and uncompromising and that steps were being taken to ensure that the provisions of law were applied vigorously and effectively to combat economic offences. He stressed that administered prices should continue to be adjusted in line with economic costs. Price adjustments carried out in the last two years had amply demonstrated the important role of appropriate pricing policy in ensuring viable operations, generating additional resources and reducing the scope for black money generation.

Economic situation reviewed

Earlier, Mr Mukherjee reviewed the important aspects of the economic situation which have influenced the formulation of next year's budget. The GNP is expected to grow by 4.5 per cent in 1981-82 over and above the 7.5 per cent in 1980-81. The infrastructure is functioning well, inflation is being controlled. Production of foodgrains is likely to reach a new peak this year and the industrial sector a growth of eight per cent.

Excise duty exemptions on articles of common consumption

High income groups to pay more tax

Taxation scheme for Indians working abroad simplified

Tax relief for incremental exports

Interest tax modified to help foreign trade

30 per cent depreciation on energy saving devices

Wealth tax on plantations discontinued

Auxiliary customs duties raised by 5 percentage points

Dual pricing of cement introduced.

Changes in postal tariff

While noting that the rate of inflation has been substantially brought down, the Finance Minister underlined that the price situation required constant vigilance and there can be no room for complacency. He noted that the international price situation continues to be uncertain. The efforts to increase supplies of agricultural and industrial commodities and also to restrain the growth of aggregate demands should continue. Mr Mukherjee said that at the same time it should be ensured that anti-social elements do not disrupt supply and the distribution network.

Tax proposals to yield a net additional revenue of Rs 470 crores to the Centre and Rs 63 crores to the states during 1982-83 were announced by the Finance Minister. He took credit for Rs 250 crores as receipts from the Capital Investment Bonds. This would leave an uncovered deficit of Rs 1,365 crores in 1982-83 which is substantially lower than the estimated deficit for the current year, 1981-82.

Among the concessions which the Finance Minister announced are: on the direct taxes side, the exemption from income-tax of the leave encashment benefit to employees on retirement, raising of the ceiling from Rs 3,000 to Rs 4,000 of income from investment in bank deposits, shares in Indian companies and other specified financial assets, raising of the standard deductions for salaried taxpayers from 20 per cent to 25 per cent, and liberalisation of the scheme of deduction in respect of long term savings such as Life Insurance, Provident Fund contribution etc.

As a measure of relief to the middle and poorer sections of the society, the Finance Minister announced several concessions on articles of special interest to these sections. Several articles of common consumption have been partially or fully exempted from excise duty. Ten more bulk drugs imported for manufacturing life saving drugs and medicines have been fully exempted from customs duty.

Dual pricing for cement

The Finance Minister announced, the Government has decided to introduce a scheme of 'levy' and 'free' sale of cement and a dual pricing policy based on this concept.

Under the revision of tariff for some postal services, post cards, letter-cards and envelopes of the lowest weight slab are proposed to be raised. There will, however, be no increase in the rate of the ordinary post card generally used by a common man.

The Finance Minister announced a scheme of excise duty concession for increased production of goods during the 12-month period commencing from March 1, 1982. The scheme would cover 38 tariff items.

Direct taxes

Mr Mukherjee announced that the rate of standard deduction would be raised to 25 per cent without disturbing the ceiling of Rs 5,000. This will give a significant measure of relief to those with salaries up to Rs 20,000. Revenue loss will be Rs 21.58 crores in 1982-83.

The monetary ceiling for deduction in respect of house rent paid by taxpayers will be raised from Rs 300 to Rs 400 per month also for those who are not receiving house rent allowance.

Details of liberalisation of the scheme of deduction in respect of long-term savings announced by the Finance Minister are as follows:—

A deduction of 100 per cent will be allowed in respect of the first Rs 6,000 of the qualifying savings, plus 50 per cent of the next Rs 6,000 of such savings plus 40 per cent of the balance. The monetary ceiling in respect of the savings qualifying for deduction is also being raised from Rs 30,000 to Rs 40,000. The higher monetary ceiling in respect of the qualifying savings in the case of authors, playwrights, artists, musicians, actors, sportsmen and athletes is also being raised from Rs 50,000 to Rs 60,000. These incentives for larger savings will result in a revenue loss of Rs 26.17 crores in a full year and Rs 19.76 crores in 1982-83.

The Finance Minister announced that no deductions would be allowed in respect of Life Insurance premia where the taxpayer discontinues a life insurance policy before premia for two years have been paid.

Mr Mukherjee announced the raising of the ceiling for exemption from income-tax to Rs 4,000 from investment in specified financial assets such as Government securities, units in UTI, bank deposits and shares in Indian companies. The separate ceiling in respect of income from units is raised from Rs 2,000 to Rs 3,000. The Finance Minister announced that the rates of personal taxation on the slab of Rs 60,001 to Rs 70,000 would be modified so as to raise the tax rate from 50 per cent to 52.5 per cent. On the slab of Rs 85,001 to Rs 1,00,000 the rate would go up from 55 per cent to 57.5 per cent.

The Rupee : How it comes, where it goes

Of every rupee which the Finance Minister will collect during the year, 17 paise will come from excise, 17 paise from customs, 8 paise from corporation tax, and two paise each from income-tax and other taxes. Loan recoveries will fetch 9 paise, non-tax revenue 14 paise, market loans, capital investment bonds, small savings, provident fund and special deposits of non-government provident funds 20 paise, external loans 5 paise, and other receipts 1 paisa. Five paise have been left as deficit.

Out of every rupee thus collected, 39 paise will be spent on Sixth Plan programmes and 19 paise on other development activities. Defence will account for 17 paise, interest payments 13 paise, statutory and other transfers to States and union territories' governments 4 paise. Eight paise will be on other expenditure.

This would yield Rs 3.24 crores in a full year and Rs 2.43 crores in 1982-83.

Mr Mukherjee announced tax reliefs to exporters whose export turnover for any year exceeds that of the immediately preceding year by more than 10 per cent. The tax relief to be calculated at a specified percentage of such excess turnover would be limited to 10 per cent of the income-tax otherwise payable on export profit. The Finance Minister announced the exemption of 25 per cent of the profits derived by construction contractors from foreign contracts to strengthen the competitiveness of our construction contractors. He said that the scheduled banks would be exempt from payment of interest-tax on the interest received by them on loans sanctioned in foreign currency for import of capital plant and machinery. Interest paid on credit sanctioned by scheduled banks for export of capital plant and machinery on deferred payment terms outside India would also be exempt from payment of interest tax.

Energy saving

The Finance Minister announced that depreciation at 30 per cent on devices and systems for energy saving or for minimising environmental pollution or for conservation of natural resources would be allowed.

He announced that donations made to National Children's Fund would be placed at par with donations made to other funds of national importance such as the National Defence Fund, the Jawaharlal Nehru Memorial Fund and the Prime Minister's National Relief Fund.

Capital gains

Mr Mukherjee announced a number of measures for re-rationalisation of taxation in respect of capital gains. He said that the levy of wealth tax on owners of tea, coffee, rubber and cardamom plantations would be discontinued.

Mr Mukherjee said that the Hotel-Receipts Tax Act, 1980, provided for the levy of a tax on the gross receipts of luxury hotels. Since the levy of this tax may adversely affect the flow of foreign tourists in India, he proposed to discontinue this levy in relation to the chargeable receipts of such hotels accruing or arising or received by them after February 27,1982. The revenue loss would be about Rs 6 crores.

The Finance Minister said that in regard to the direct tax proposals he had endeavoured to preserve stability in the tax system while providing for substantial incentives for savings.

Indirect taxes

Mr. Mukherjee announced that the rate of auxiliary duty would be raised by five percentage points on all categories of imports with some exemptions. Essential items like crude petroleum, bulk petroleum products such as kerosene and high-speed diesel oil and some other items have been excluded.

The proposals relating to auxiliary duty will yield an additional revenue of Rs 290 crores.

The Finance Minister also announced certain changes in the basic customs duty on cork and cork articles, certain categories of dyestuff, certain items of iron and steel, copper pipes and tubes and polyester chips. These proposals are likely to bring in additional revenue of Rs 42 crores.

He declared Government decision to convert the *ad valorem* levy on newsprint to a specific total levy of Rs 825 per tonne so as to obviate automatic increase in its incidence on account of raising international prices. There will be no revenue loss.

The Finance Minister exempted two fertilisers — calcium ammonium nitrate and ammonium sulphate — from customs duties.

Electronics industry

To promote the growth of the electronics industry, the Finance Minister raised the basic customs duty on electronic items such as computers, calculating machines, accounting machines, cash registers and certain electronic sub-assemblies to 100 per cent *ad valorem.* On the other hand, he also extended the scope of the present import duty concession to 45 new items of capital equipment and 13 new items of raw materials and components used by the electronic industry. The customs duties leviable on these items are proposed to be reduced.

It has been decided, subject to certain conditions, to allow removals from the free trade zone up to 25 per cent of the production of a unit for sale or use within the country on payment of appropriate duties.

"The main elements of the Government'sstrategyfor restoring the viability of our balance of payments in the coming years are: first and foremost, an increase in the domestic production of petroleum and petroleum products, fertilisers, steel, edible oils and non-ferrous metals. These account for nearly 60 per cent of our total imports. The Government has taken necessary action to step up production and investment in these and other critical areas."

While announcing the dual pricing policy for cement, the Finance Minister proposed increase in the total excise duty on ordinary portland cement, portland pozzolana cement, blast furnace slab cement and masonry cement, from Rs 71.50 to Rs 135 per tonne. The more expensive special varieties of cement will be subject to higher rates of duty. The effective total excise duty on cement produced in mini cement plants is proposed to be fixed at Rs 100 per tonne. It is also proposed to impose a basic customs duty of 10 per cent *ad valorem* on imported cement, together with full countervailing duty. No auxiliary duty would be leviable on imported cement. These proposals will give additional revenue of Rs 158.73 croes on the central excise side and Rs 39.60 crores on the customs side. The impact of the proposed increase in excise duty per bag of cement of 50 kg would work out to Rs 3.175.

Mr Mukherjee announced that excise duties on certain expensive electronic goods favoured by the affluent, hitherto subjected to a very low incidence of duty at 8 per cent *ad valorem* under item 68 of the Central Excise Tariff, would be raised to 25 per cent *ad valorem.* Video cassette recorders and reproducers, television cameras and video cameras and similar goods and blank and recorded video and audio tapes of the spool and cassette type as also video discs will be subjected to a basic excise duty of 25 per cent *ad valorem.* Recordings which are not for commercial purposes will be exempted.

Basic duty at a higher rate of 40 per cent will be levied on electronic machines or games of skill or chance including hose used for television games and video ames.

The Finance Minister announced certain changes in the fiscal levies applicable to man-made fibres and yarn as also certain measures to rationalise and restructure the tariff relating to paper and paper boards. The excise duty on aluminium would be levied at specific rates.

Aerated water

The Finance Minister announced, aerated water will be taken out of the general scheme of excise duty concession and a new scheme would be devised for it. Essentially small manufacturers, who sell their products under their own brand or trade name, will continue to enjoy the benefit available unde the present scheme. However, manufacturers, who produce and bottle aerated water under brand or trade names in pursuance of agreement with the owners of such branch or trade name, will not be eligible for the concession.

Noting that 1982 has been designated by the Prime Minister as the 'Productivity Year', the Finance Minister said the fiscal mechanism will be judiciously deployed in furthering the objective of further increase in industrial production. He announced that a scheme of excise duty concession would be formulated for increased production during the 12-month period commencing March 1, 1982. The scheme would cover 38 tariff items including some basic raw materials, other important industrial inputs and certain finished products. Some of the items are caustic soda, fertilisers, synthetic resins, steel ingots and steel products, internal combustion engines, wires and cables, two and three wheeled motor vehicles, light and heavy commercial vehicles, tractors, railways wagons, man-made fibres and filament yarn, tyres, and writing and printing paper. The benefits of the scheme would accrue only in cases where the production in the 12 month period referred to above exceeds 110 per cent of the production during the base period, namely, the 12 months ending on February 28, 1982. The duty concession would be 1/5th of the total amount of duty paid on the excess production computed, as explained earlier, in respect of goods carrying basic excise duty of 20 per cent *ad valorem* or less and 1/10th of the duty in other cases. The amount computed for the whole period would be given as a credit which may be utilised for payment of central excise duty during the financial year 1983-84.

The scheme will also apply to small scale manufacturers who actually pay duty.

Mr Mukherjee hoped that industry would rise to the occasion and respond to this generous gesture of the Government and achieve new peaks of production.

The Finance Minister announced some concessions on articles of special interest to the middle and poorer sections of society. Several articles of common consumption would be partially or fully exempted from excise duty. Some of these products are of interest to the student community, some are of general utility, yet others of interest to the disabled and one in the interest of horticulture.

Mr Mukherjee announced exemption from excise duty in full for pencils, erasers, pens including ball-point pens, refills, laboratory glassware, enamelware, thermos-flasks and parts, water coolers, candles, toothbrushes, spectacles and spectacle frames, one-day alarm clocks, domestic water filters, hand pumps, braille typewriters, invalid carriages and helmets.

The Finance Minister announced a reduction of basic excise duty on specified fruit and vegetable preparations from 15 per cent to 10 per cent *ad valorem*.

The concession of a reduced rate of excise duty of 10 per cent *ad valorem* now available to mopeds of engine capacity up to 75 c.c. would be extended to mopeds of engine capacity upto 100 c.c. which are expected to be more fuel efficient.

Handlooms

In order to enable the handloom sector to register faster growth, the Finance Minister announced full exemption from excise duty for polyester blended fabrics woven on handlooms from processing stage duty, if they are processed in factories set up by State Handloom Development Corporations or Apex Co-operative Societies approved in this behalf by the Central Government.

Details regarding revision of tariffs for some postal services [illegible]

Interest rates on short-term deposits raised

With a view to aligning the shorter term deposit rates with the rates on longer maturities, thereby smoothening the maturity pattern, the Reserve Bank of India has raised the rates of interest payable by scheduled commercial banks on term deposits of less than three years with effect from March 1, 1982:

	Current rates (since March 2, 1981)	New rates (with effect from March 1, 1982)
	(per cent	per annum)
Term Deposits		
Maturity of:		
15 days to 45 days	2.5	3.0
46 days to 90 days	3.0	4.0
91 days and above but less than 6 months	4.0	5.0
6 months and above but less than 9 months	4.5	6.0
9 months and above but less than one year	5.5	7.0
One year and above but less than two years	7.5	8.0
Two years and above but less than three years	8.5	9.0

The rate of interest payable on deposits of three years and above, however, remains unchanged at 10 per cent.

The revised interest rates would apply only to fresh deposits and on renewals of maturing deposits.

Corresponding to the above revisions, the rates of interest payable on term deposits by regional rural banks and co-operative banks have been revised.

In order to enable banks to attract remittances from abroad, a special incentive has been provided on non-resident deposits. With effect from March 1, 1982, term deposits of one year and above under the Foreign Currency Non-Resident Accounts Scheme (FCNR) and the Non-Resident (External) Rupee Accounts Scheme (NRE) will carry interest at rates 2 per cent above the rates permissible on domestic deposits of comparable maturities. The revised rates would be applicable to fresh deposits and on renewals of maturing deposits

(Continued on page 40

Budget fails to cheer industry

BUSINESS and industry have expressed their disappointment with the Union budget for 1982-83 and the stock markets have reacted bearishly to its announcements. Exporters, who have been favoured by the budget, have expectedly welcomed it as have done small-scale industries.

Mr Arvind Lalbhai, president of, The Federation of Indian Chambers of Commerce and Industry (FICCI) says the Finance Minister has missed a golden opportunity to give a big push to the economy. He could have achieved significant results in terms of higher productivity, stability in prices and generation of additional employment. The budget along with the hike in post and telecommunication levies and the railway budget would involve a total additional burden of over Rs 1,300 crores, unprecedented in fiscal history, he added. In the year of productivity, he observed, the business community expected conditions to be created for greater investment and faster modernisation. However the relief given on exports, flow of inward remittances, excise concessions and capital gains tax were marginal and would not measure up to the requirements of high growth. The excessive levies would have a bearing on prices. "At this time when some sectors of the industry are suffering from recession, the Finance Minister could have taken a bold stand and introduced fiscal devices which would have stimulated production without any fear of rise in prices". This would have yielded larger revenues to the exchequer.

The leading chambers of commerce in Bombay feel that the budget has belied their expectations. Mr B.R. Sule, president, Bombay Chamber of Commerce described the budget as non-inflationary but disappointing for the industry, which had expected a reduction in tax rate, a change in the scheme of depreciation rates and some tangible incentives for attracting larger investment. While there are some excise duty concessions for higher production in specified areas, direct tax incentives for higher production are missing. Reliefs under customs would have some effect on prices and may be slightly inflationary. Mr Sule also finds the budget disappointing on individual taxation. The capital bonds are no doubt an attractive measure, but not attractive enough to claim larger investment. No benefits have been extended for investment on capital gains. An increase in exemption on interest and dividend income from Rs 3,000 to Rs 4,000 will not attract larger investments.

Mr Kantikumar R. Podar, president, Indian Merchants Chamber, also is unhappy that the optimism built up about the Finance Minister's maiden budget has been belied. The reliefs actually given are trivial and changes only cosmetic. There are no worthwhile incentives for modernisation of plant and machinery, nor any relief in corporate tax. The raising of personal income-tax rate at higher slabs is the reversal of the trend of progressive reduction of income-tax set by the previous Finance Minister. While an all-round encouragement to increased production is called for in the productivity year, only a few industries have been chosen for fiscal incentives. Only a marginal fillip has been given to savings, investment and renewed production. The increase in amounts qualifying for savings may not generate much enthusiasm. Exemption to persons engaged in construction abroad on 25 per cent of profit was welcome. The projected budgetary deficit at Rs 2,085 crores minus Rs 470 crores on account of changes proposed in the budget need to be contained by resorting to further resource mobilisation during 1982-83.

A balanced budget

Mr A.S. Kasliwal, president, Maharashtra Chamber of Commerce, has extended unqualified welcome to the budget as balanced. In the present problematic situation, he says, production and exports are important and the Finance Minister has recognised both. His novel method of giving tax relief to exporters who increase their exports by 10 per cent over the previous year is particularly welcome, Mr Kasliwal says.

Dr. S.K. Somaiya, President, All-India Organisation of Employers, finds the budget good in parts, but may not promote savings and internal investments. The opportunity of giving a boost to production has been missed.

Mr. Sumant J. Patel, senior vice-president, All India Manufacturers Organisation, describes the budget as not innovative since it provides no major bold step for economic growth. The Finance Minister could have considered some reliefs on depreciation and investment allowance to step up modernisation of industry.

Relief for sick

Mr P.N. Kavadia, chairman, Indian Chemical Manufacturers Association, has called the budget colourless and depressing, except for the incentives provided to non-resident Indians and the 100 per cent relief to export oriented units.

But, Mr. J.B. Mody, president, Indian Drug Manufacturers Association, says import duty reduction on life saving bulk drugs would help the ailing population in the country. Tax incentives to manufacturer-exporters should boost exports of drugs and pharmaceuticals, and excise duty incentive would encourage production in the small-scale sector.

Mr M.H. Kotak, president, All Indian Exporters Chamber, says that incentives for exports announced by the Finance Minister will encourage export efforts and is thus a step in the right direction. Overseas construction activities would get a boost.

Mr S.P. Ahuja, president, All India Importers Chamber says though the budget is savings and production oriented, it would hurt the common man. The steep increase in postal rates and additional import duty coupled with increase in railway freight will definetely affect his budget.

Mr Babubhai Rathi vice-president, Federation of Association of Small Industries of India (Western Region) has welcomed the concessions, but criticised it for not providing specific incentives for the small-scale sector.

Mr. J.J. Mehta, chairman, Man-Made Fibre Spinners Association, said the reduction of excise duty on man-made fibres was small and would have no discernable impact on production.

Mr J.H. Moorjani, chairman, All-India Crimpers Association, felt the hike in duty on man-made fabrics above Rs 20 per metre was the last straw on the camel's back and would plunge the industry into a crisis.

Mr Abhay N Firodia, President, All-India Automobile and Ancillary Industries Association, says the budget will not stimulate investment and generate internal funds in the corporate sector. The scheme of excise duty concessions on higher production is not attractive. On the other hand the five per cent increase in customs duty will increase production costs and fuel inflation.

New issues to peter out

Mr. P.K. Kanoria, president, Indian Chamber of Commerce, Calcutta, was disappointed with the budget and Mr N.B. Khandelwal, president of the Calcutta Stock Exchange expressed the fear that the buoyancy evident in the new issues market might peter out because of the two new investment schemes announced in the budget.

The presidents of the Ahmedabad Stock Exchange, Mr Hasmukhbhai Mulchand Shah, and the Madras Stock Exchange, Mr R Ramanathan felt the budget would have no positive impact on capital formation.

Iron and steel outlay poor

The total plan outlay on iron and steel provided at Rs 860 crores is very poor and quite inadequate, says Mr P.T. Shah, president of the Steel Chamber. Stressing the need for providing more resources for the development of steel, he has suggested allocations of at least Rs 1,000 crores in order to accelerate the pace of development in the steel sector. The allocation of Rs 6.67 crores which has been earmarked for the alloy steel plant is also very much on the lower side. According to him, a minimum of Rs 10 crores should have been earmarked for this purpose. But one good point, according to him, is the formation of separate companies, *viz* Rashtriya Dhatu Nigam, to implement Vizag steel project and Neelachal Ispat Nigam for the implementation of Paradip steel project. He feels that SAIL has already enough projects on hand, and therefore, the formation of separate companies is a step in the right direction.

According to Mr K. Rajagopal, chairman; Indian Cotton Mills' Federation, the textile industry would have been happy if measures had been announced in the Budget proposals to reverse the recessionary trend and provide the necessary reliefs with a view to aiding modernisation at a brisk pace. The changes in the excise structure effected in man-made fibres and yarn, by and large, might tend to dilute the multi-fibre policy.

The excise duty hike on staple fibre from Rs 3.13 to Rs 4 per kg will accentuate the pressure on short and medium staple cottons which are in short supply. Apart from this, the reclassification of tariff item for cellulosic spun yarn with steep increase in excise levy is a retrograde step. Further, the 5 per cent across-the-board increase announced in auxiliary customs duty is bound to push up the input costs and to that extent nullify the efforts to contain the inflation through augmented production.

Discouraging

Looked at from the critical situation that the industry has been passing through for quite some time now, the proposals are discouraging, Mr. Rajagopal says. The textile industry has pleaded for rationalisation of excise duty structure with a view to encouraging consumption of long and extra-long staple cottons. Similarly, a modernisation reserve had been suggested by the ICMF to assist the mills in planning their programmes of reequipment on a long-term basis. It is hoped that the Finance Minister, who is well posted with the problems faced by the mills, would even now consider these proposals sympathetically.

Mr. V. S. Narasimhan, president, Tamil Nadu Small-Scale Industries Association, says that the excise relief through an increase in exemption limit sought by the small-scale sector seems to have been overlooked. This and the reduction in interest rates are vital for the better working of the SSI sector and reduction in their sickness.

Mr. A. C. Muthia, president of Southern India Chamber of Commerce and Industry, described the budget as a pragmatic one, aimed at promoting savings and stimulating economic growth. The hard-hit middle income group has been given a welcome relief in the shape of an increase in standard deductions. Excise incentives for increased production in selected industries is welcome.

Mr. Mammen Varghese, president of Indian and Eastern Newspaper Society, expresed his organisation's great disappointment that the 15 per cent ad valorem duty on newsprint that was imposed by the Central Budget last year had not been withdrawn despite repeated representations to the Government and also the recommendation for its withdrawal by the Ministry of Information and Broadcasting. This levy is now merely proposed to be converted to a specific duty of Rs 825 per tonne which works out to 15 per cent at the current newsprint prices and will not, therefore, give any relief to the newspapers.

The import levy has resulted in a severe erosion of the economic viability of newspapers which have to face rapidly all-round escalating costs, particularly costs of newsprint.

Further increases in newsprint prices are expected in the coming months as foreign newsprint suppliers have already announced substantial revisions. Other costs, like those of ink, labour, freight, distribution, news services, etc. have also been going up steeply. In such a situation, only the withdrawal of the customs duty on newsprint would have provided the much-needed relief to newspapers and put them on the road to economic recovery.

It would have also helped the resumption of growth in their circulation which received a setback. The continuance of this duty would necessitate for more frequent and substantial revisions in their selling prices and/or advertisement rates than seen in the recent months.

Mr Hareshchandra Maganlal, chairman, Millowners Association, has regretted the fact that the budget provides no relief to the cotton textile industry which is passing through a crisis. The industry had expected a rationalisation of excise duty structure to ensure optimum utilisation of long and extra long staple cottons, which the budget has not done.

Market Gossip

Second thoughts on budget

The stock markets are apparently having a second look at Mr Pranab Mukherjee's maiden budget. In the post-budget sessions held immediately after the budget was presented on February 27 the markets-whether in Bombay, Calcutta, Madras, Ahmedabad or Delhi-turned bearish. Prices of leading scrips softened. For instance, in Bombay, Century declined from Rs 971 to Rs 953, Tata Steel from Rs 351 to Rs 345, ACC from Rs 312 to Rs 301. The story was repeated in the other markets, and the president of the stock exchange in Bombay, Mr Laldas Jamnadas, said the budget has been disappointing. The only silver lining in his opinion was the raising of the limit of investment in new equities and the possible influx of non-resident Indians funds in the stock exchanges.

This initial reaction changed within 24 hours. Though there was no trading on Sunday in kerb trading the pivotals staged the recovery. A cheerful trend was also maintained on Monday. The fact was the initial reaction of the stock markets was influenced by the high expectations that had been made by marketmen. They, for instance, thought that the Finance Minister would lower the corporate taxation and possibly also personal income tax so that investment could be made from the larger savings. The Finance Minister did oblige them by announcing the dual pricing for cement but cement shares had already been pushed high even prior to the budget in expectations of this Government's decision and the announcement when it did come in the budget failed to make any impact. But it is not as if Mr Mukherjee had produced an anti-production budget to have dismayed the stock markets. As he himself said that provision of adequate incentives for increasing production and savings in the economy was a prime objective of his budget, and he has taken certain steps in that direction. First he had announced a scheme of excise relief concessions in the case of some 36 industries whose production between March 1, 1982 and February 28, 1983, exceeds 110 per cent of the production during the base period, namely, 12 months ending on February 28, 1982. The concession is significant and it would be one-fifth of the total amount of duty paid on the excise production computed. The list of industries is wide ranging and covers soda ash, chemicals, manmade fibres and filament yarns, copper, zinc, internal combustion engines, power-driven pumps, electric batteries, wires and cables and even light, medium and heavy commercial vehicles. This certainly covers a big spectrum of the industrial sector in the country and if industry accepts the challenge of the Finance Minister, they as well as the government exchequer should benefit. There is also the possibility of greater flow of investment by non-residents of Indian origin into the stock markets. The Government has announced that these non-residents will be allowed to invest, with repatriation rights, in any new or existing company upto 40 per cent of the capital issued by such a company and they can now purchase shares of companies quoted on the stock exchanges subject to specified limits.

If production is sought to be encouraged, so also are exports. Mr Mukherjee has announced that hereafter units set up in the free trade zones would be allowed to sell up to 25 per cent of the production within the country on payment of appropriate duties. This is a concession which industry had been demanding consistently and the possibility is held out of even export-oriented textile units being set up in the free trade zones. This would enable us to fulfil the EEC and the US textile export quotas which currently are met to the extent of not even 25 to 30 per cent. Tax relief has also been announced for exporters if export turnover for any year exceeds that of immediately preceding year by more than 10 per cent.

So far as stock exchanges are concerned, it should also be of interest to them that the ceiling of exempted income from investments in units of the UTI, bank deposits and shares in Indian companies has been raised from Rs 3,000 to Rs 4,000. Also the deductions in computation of taxable income of 50 per cent of amounts in equity shares of new industrial companies will be available for a larger investment of Rs 20,000 instead of Rs 10,000 so far.

Textile industry disappointed

The cotton textile industry had expected much from Mr Pranab Mukherjee as he is fully familiar with the industry's problems and as Commerce Minister had given high hopes to the industry. But the industry is disappointed to find that there is no rationalisation of excise duty structure with a view to encouraging consumption of long and extra long staple cottons. All that the Finance Minister has done is to restructure the excise duty on manmade fibres and fabrics.

There have been some reductions, as also increases and particularly steep is the hike in respect of higher priced fabrics which so far paid a uniform duty of 5½ per cent *ad valorem.* Fabrics having ex-factory prices of more than Rs 20 per square metre would attract duty at 7-½ per cent *ad valorem* and the fact that the additional revenue from this proposal has been estimated at Rs 35 crores shows how costlier the already costly cloth would be. The Finance Minister has also tried to close a loophole. Some of the mills and more particularly the decentralised sector were stamping wrong proportions of manmade fibres on blended fabrics and recovering a higher cost from the customers. Now the duty structure is such as should make the manufacturers give the right proportions of the blended fibres and fabrics. The industry feels that changes in the excise structure in manmade fibres and yarn, by and large, might tend to dilute the multi-fibre policy. But it remains to be seen whether the industry's fears are justified.

ECONOMIC SURVEY : 1981-82

STRESS ON CAPACITY UTILISATION

ACCORDING to the pre-budget *Economic Survey* for 1981-82 presented to the Lok Sabha by the Union Finance Minister, Mr. Pranab Kumar Mukherjee, on February 24 real gross national product (GNP) during the current financial year is likely to record a growth of 4.5 per cent. With the 7.5 per cent rise in 1980-81 the growth in real GNP in the first two years of the Sixth Five-Year Plan will significantly exceed the target growth rate of 5.2 per cent per annum during the Plan period. Even while claiming a distinct improvement in the economy in 1981-82 the *Survey* stresses the need for a continued vigilance on the price front. No doubt, the *Survey* draws some comfort when it says that commendable success has been achieved in the task of reducing inflation. According to the *Survey*, the annual rate of inflation, as measured by the wholesale price index, came down to 5.4 per cent as on January 16, 1982 against 16.2 per cent on January 17, 1981.

Record food output

Agricultural production is expected to go up by three per cent in 1981-82 The total foodgrains production may reach a record level of 134 million tonnes in 1981-82 — two million tonnes higher than the previous peak of 132 million tonnes achieved in 1978-79. The performance of the infrastructure sector was highly satisfactory during 1981-82. Coal production is expected to exceed the target of 121 million tonnes during 1981-82. Railways are all set to cross the target of 215 million tonnes for revenue-earning goods traffic. Supply of coal to power plants also improved substantially. As a result, power generation is likely to increase by about 10 per cent, mainly because of notable growth in thermal generation, during 1981-82. Because of improvement in infrastructural facilities industrial production is likely to go up by eight per cent. The foreign trade deficit during 1981-82, for the second year in succession, may be more than Rs 5,500 crores. The balance of payments position continues to pose a major challenge to the country.

Thus in terms of short-term management, the performance of the economy has been highly satisfactory. However, "Achievement of a continuing high growth rate in the coming years will be more difficult unless efforts are intensified to step-up productivity and investment. Future growth must come increasingly from additional capacity creation as existing capacity gets fully utilised", says the *Survey*.

The *Survey* points out that the actual output per unit of capital employed in the economy has been declining over the years. This has had adverse effect on the growth of the economy as well as on the resource position of the Government. It is necessary to reverse this trend and to ensure that large investments made by the community earn an adequate rate of return within a reasonable period of time. This objective can be achieved only if the existing capacities are utilised fully and new projects are implemented according to original schedules. Unfortunately, there have been substantial delays in implementation of projects even in the most critical areas, such as power, fertilisers, steel, non-ferrous metals, paper, cement, etc. This delay affects not only the availability of additional supplies but also adds to costs which increase the strain on the scarce resources, adds the *Survey*.

Cost of delay

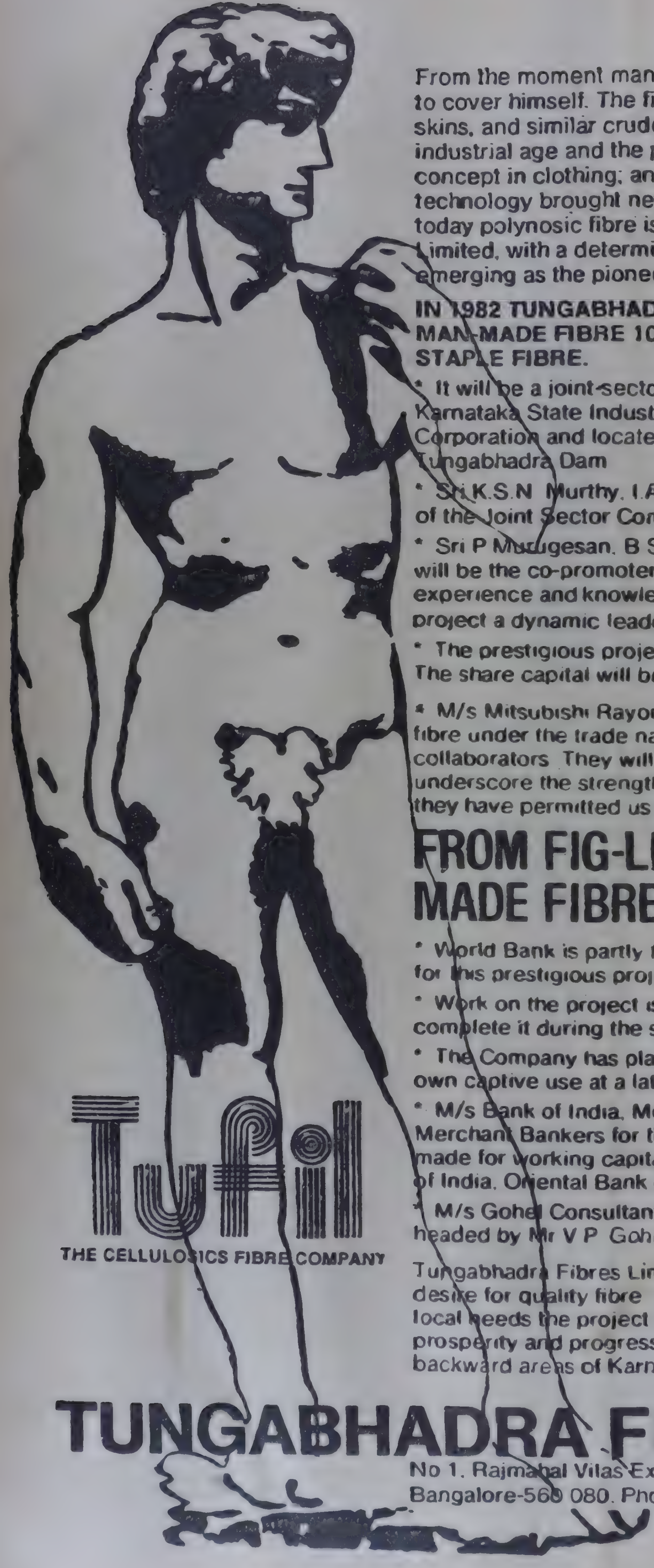
Elaborating on the cost of delay the *Survey* notes that cost escalations of 50 per cent or more over the original estimates are not uncommon and regards this as a major factor behind incresing capital-output ratios in important sectors of the economy. Although the saving and investment ratios in the Indian economy are quite high by standards of other developing countries, there has been non commensurate growth in production because of delay in implementation of projects, which in turn, results in cost escalation. In this context the *Survey's* accent on curbing non-plan expenditure, particularly administrative expenditure, assumes significance.

Imports have doubled in a period of three years from Rs 6,800 crores in 1978-79 to over Rs 13,200 crores in 1981-82. The main reason for this spurt is the sharp escalation in oil prices and the consequent deterioration in the terms of trade. Nearly 60 per cent of India's imports are accounted for by crude oil, fertilisers, edible oils and steel. On the other hand, it is a matter of concern that in three out of five years since 1977-78, the increase in exports was only of the order of five per cent. As a result of sharp increase in imports and slowdown in the rate of growth of exports, foreign trade deficit increased from Rs 1,843 crores in 1978-79 to Rs 5,756 crores in 1980-81.

Balance of payments under strain

Although net invisible earnings (including inward remittances and other inflows) provided a sizeable prop to it, the balance of payments position continued to be under considerable strain during the last two years. According to the latest available balance of payments data, gross receipts from invisibles increased from Rs 882 crores in 1974-75 to Rs 2,823 crores in 1978-79. Net receipts, after allowing for payments, increased from Rs 326. crores to Rs 1,692 crores during the same period. Receipts from invisibles continued to increase till 1980-81. However, in the current financial year there seems to have been some deceleration, partly on account of unsettled conditions in West Asia. Because of this decline in the flow of net invisibles the current account balance of payments position is expected to show further deterioration.

In order to finance this deficit it has become necessary to increase recourse to foreign borrowings from official as well as commercial sources. The prospects for an increase in the inflow of bilateral and other sources of external finance on concessional terms are also not promising. The gross disbursements of external assistance would be Rs 1,926 crores in 1981-82 as against Rs 2,165 crores in 1980-81. Net inflow of aid would be Rs 1,089 crores this year as against Rs 1,297 crores last year. Thus, balance



From the moment man became conscious of himself he began to cover himself. The fig-leaf, bigger leaves, animal fur, animal skins, and similar crude materials covered him. The dawn of the industrial age and the presence of cotton ushered in a new concept in clothing; and fashion was born Science and technology brought new innovations to the textile industry; today polynosic fibre is the rage In India, Tungabhadra Fibres Limited, with a determination to produce quality fibres, is emerging as the pioneer in this field

IN 1982 TUNGABHADRA FIBRES LIMITED WILL PRODUCE MAN-MADE FIBRE 10000 MT HIGH WET MODULUS VISCOSE STAPLE FIBRE.

* It will be a joint-sector Company in association with the Karnataka State Industrial Investment & Development Corporation and located in the backward area near the Tungabhadra Dam

* Sri K.S.N Murthy, I.A S . Chairman KSIIDC , is the Chairman of the Joint Sector Company

* Sri P Murugesan, B Sc . B Sc.(Tech.) of Essorpe Mills Pvt. Ltd. will be the co-promoter and Managing Director His immense experience and knowledge as an entrepreneur will give the project a dynamic leadership

* The prestigious project is estimated to cost Rs 3,000 lakhs The share capital will be Rs 750 lakhs

* M/s Mitsubishi Rayon Co Tokyo, world pioneers in polynosic fibre under the trade name of HIPOLAN will be our foreign collaborators They will also be investing in the project to underscore the strength of the project As a gesture of goodwill they have permitted us to use their trade name HIPOLAN

FROM FIG-LEAF TO MAN-MADE FIBRES AND FABRICS

* World Bank is partly financing the import loan requirement for this prestigious project

* Work on the project is progressing well and it is hoped to complete it during the second half of 1982

* The Company has plans to produce cotton linter pulp for its own captive use at a later date

* M/s Bank of India, Merchant Banking Division are the Merchant Bankers for the project Arrangements have been made for working capital by a consortium of Banks led by Bank of India, Oriental Bank of Commerce and Indian Bank

* M/s Gohel Consultants & Engineers Pvt Ltd . Bangalore headed by Mr V P Gohel are the consultants for the project

TUFIL

THE CELLULOSICS FIBRE COMPANY

Tungabhadra Fibres Limited, will be the fulfilment of a long felt desire for quality fibre Keeping in mind national goals and local needs the project will be the harbinger of greater prosperity and progress for the industry and the people in the backward areas of Karnataka

TUNGABHADRA FIBRES LIMITED

No 1, Rajmahal Vilas Extension, Mekhri Circle,
Bangalore-560 080. Phone 366009, 366291 Grams: "TUFIL"

f payments position continues to deterorate at a time when foreign aid prospects re dim. As a result, despite the utilisation f Rs 637 crores under the arrangements vith the IMF, during the first 10 months April 1981-January 1982) of 1981-82 foreign currency assets declined by Rs 1,292 crores. For the year as a whole, the rate of utilisation of reserves plus IMF resources, in meeting payments deficit on external accounts, is likely to be of the order of Rs 2,000 crores.

Stress on higher productivity

According to the *Survey* the economy has shown a remarkable resilience during 1981-82. However, a major task in the years ahead is to sustain a non-inflationary environment for faster growth and development. In view of the unfavourable external economic situation and increasing domestic expenditure requirements, this is not an easy task. The cornerstone, therefore, of the Government's economic policy would have the objective of achieving higher productivity in all sectors and stepping up of investment.

Tasks ahead

In its concluding chapter the *Survey* says:

The year 1981-82 has seen recovery of the economy and a substantial restoration of economic stability. Agricultural production has been satisfactory, the infrastructure is functioning efficiently, and the industrial sector shows a healthy rate of growth. The rate of inflation has decelerated. Thus, in terms of short term management the performance of the economy has been highly satisfactory. The improvement recorded in the economic situation during the current year provides an opportunity to review the important medium and long term problems, and to undertake necessary measures for strengthening the productive base of the economy.

Achievement of a continuing high growth rate in the coming years will be more difficult unless efforts are intensified to step-up productivity and investment. The economy has now recovered to a more normal level of production and there is not much slack in the system. Future growth must come increasingly from additional capacity creation as existing capacity gets fully utilised. Hence the importance of the Sixth Plan targets for additional capacity creation in several critical sectors. The economy is about to enter the third year of the Sixth Five Year Plan. The momentum developed in 1982-83 will be critical for the success of the Plan. The balance of payments also continues to show severe strain. The external payments problems of the economy are of a structural nature which can only be resolved over a medium term horizon, but they call for action on many fronts without delay.

Inflation rate decelerates

A major and persistent problem is that of inflation. Twice in the last ten years, the countryhas been faced with severe inflationary pressures and the fight against inflation has been a major preoccupation of economic policy during the period 1972-73 to 1974-75 as well as the period 1978-79 to 1981-82. It is a matter of satisfaction that considerable success was achieved in the task of reducing inflation in both periods. The annual rate of inflation, as measured by the movement in the Wholesale Price Index on a point-to-point basis, had exceeded 20 per cent in 1979-80. This was brought down to 16.7 per cent by the end of 1980-81 and to the level of 5.4 per cent by 16th January 1982. This is a major achievement, which has eluded many developed and institutionally better organised societies than ours. A major task in the years ahead is to sustain a non-inflationary environment for faster growth and development.

In view of the unfavourable external economic situation and increasing domestic expenditure requirements, this is not an easy task. The international price situation continues to be full of uncertainties, and the possibility of a spurt in oil prices or other commodity prices cannot be ruled out. In any case, in view of the persistent inflationary situation in developed countries, prices of manufactued goods are likely to continue to increase. Volatile exchange rate changes and movement of large liquid resources of surplus countries are another source of uncertainly. Domestically, adverse weather condition can disturb the delicate demand and supply balance in the economy. Any initial price increases arising from either international or domestic developments can become widespread and result in a generalised inflationary situation. The need for vigilance on the price front, therefore, will continue to be as strong as before.

Continued stability in prices is possible, if in addition to augmenting domestic production, the growth of aggregate demand in the economy is kept under control through appropriate restraints on expansion of domestic credit and Government's budgetary deficit. The budgets in the last two years have tried to achieve a balance between investment requirements and consumption needs of a developing economy. Concertd efforts have been made to mobilise resources in a non-inflationary manner to increase incentives for savings and investment, and to restrain the growth of non-development outlays.

Savings for production

The budget is now coming under increasing pressure because of the vital need to maintain the nation's security in the face of external threats, normal growth in non-developmental and maintenance expenditure, and larger financial requirements of approved projects arising from the escalations in cost of equipment, particularly in respect of imported capital goods. In order to meet rising expenditure on all these accounts, it is essential to raise the productivity of investments already made, improve the yields from existing taxes, and minimising non-plan expenditure, particularly administrative expenditure. The mobilisation of domestic savings for productive purposes is also extremely important. The savings rate in India is fairly high in comparison with other developing countries. It is important to devise means to channel these savings into productive investments in both public and private sectors. Fiscal policy has an important role to play in this context. At the same time, an important objective of fiscal policy in coming years must be to encourage further savings and to channel these to productive investment for increasing employment and growth in the economy.

A sustained growth in agricultural production is an essential requirement not only for price stabilisation but also the longer term growth potential of the economy. It is a matter of satisfaction that food-grains production increased to about 132 million tonnes in 1978-79 as against about 100 million tonnes ten years ago. There was a sharp decline in food production in 1979-80 due to drought, but production recovered to nearly 130 million tonnes in 1980-81 and is likely to reach 134 million tonnes in 1981-82. The average annual level of foodgrains pro-

OECD

ORGANISATION FOR ECONOMIC
COOPERATION & DEVELOPMENT
OECD ECONOMY SURVEYS

These annual surveys of economic developments in each of the member countries, provide a detailed analysis of recent developments in demand, production, employment, prices and wages, conditions in the money and capital markets and developments in the balance of payments. They include short-term forecasts as well as analyses of medium term problems.

1982 series under preparation:

UK • France • Denmark • Finland • Canada • Italy • Japan • Netherlands • Norway • Spain • Turkey • United States • Yugoslavia and other OECD countries.

Subscription to the whole series 1982 Rs 543.00
Each booklet Rs 28.96

These prices are subject to exchange fluctuations

Order from :

OXFORD BOOK & STATIONERY CO.
Scindia House, New Delhi-110001
17, Park Street Calcutta-700016.

Publications From The
United Nations

STATISTICAL YEARBOOK 1978
Important compilation of statistics from countries throughout the world covering a wide range of economic and social subjects.
1979 US $ 50.00

YEARBOOK OF NATIONAL ACCOUNTS STATISTICS 1979
Detailed estimates of national income and related economic measures for some 126 countries and areas. 2 Vols. (not sold separately)
1980 US $ 70.00

DEMOGRAPHIC YEARBOOK 1978
Features international migration as a special subject.
1979 US $ 36.00

YEARBOOK OF INTERNATIONAL TRADE STATISTICS 1978
A compilation of national tables showing annual figures for several years for over 159 countries and territories. Set of 2 Vols.
1979 US $ 65.00

The present Good Offices Committee rate is Rs 9.60 to 1 US $

Oxford Book & Stationery Co.

Scendia House
New Delhi-1

17, Park Street
Calcutta-16

STANROSE

SUIT-ABLES

Stanrose know
how to separate
the men from
the boys.
With fabrics
for soft shirts,
impeccable jackets,
keen-as-a-blade
trousers.

For men
and for women.
Stanrose Fashions.

Suitings, shirtings,
sarees, dress materials.

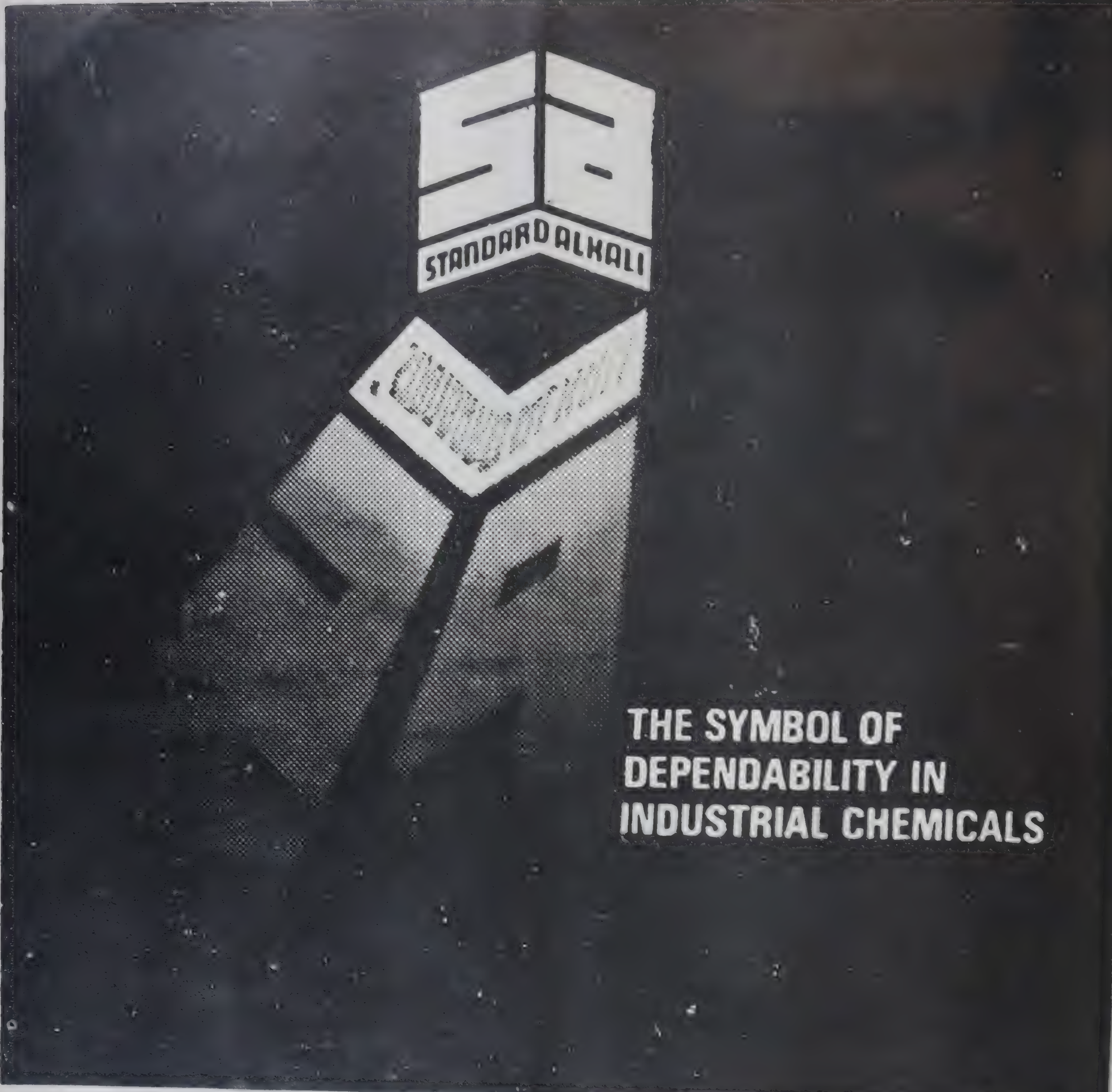
STANROSE
fabrics

SM Standard Mills

Mafatlal Apparel

Surat Cotton Mills

everest/81/SM/341


STANDARD ALKALI
THE SYMBOL OF
DEPENDABILITY IN
INDUSTRIAL CHEMICALS

STANDARD ALKALI

Products on tap from Standard Alkali—Hydrochloric Acid, Caustic Soda, Caustic Potash, Potassium Carbonate, Chlorine, Carbon Tetrachloride and Chloroform.

For over a decade, Standard Alkali's products have been known for their superior quality and competitive prices.

Our customer list includes just about every important name in the industry today.

Coming to think of it, Standard Alkali has become synonymous with dependability.

STANDARD ALKALI

Chemicals Division, The Standard Mills Co. Ltd.,
Mafatlal Centre, Nariman Point, Bombay-400 021.
Tel: 231823—Telex: MGMC IN 11 4240-4241—Telegram: Standchlc

PRESSMA

duction in the 1970's was about 114 million tonnes as against 83 million tonnes in the 1960's. Much of this increase has been achieved due to improvement in yields, which reflects the success of the basic agricultural strategy of extending irrigation together with assured supply of improved seeds, fertilisers, credit and other inputs. However, as pointed out in last year's *Survey*, there are some disturbing elements in the agricultural situation which need to be overcome. For various reasons, the breakthrough in yields in the case of wheat has not been matched in rice in large areas of the country while production of pulses, coarse grains and oil seeds continues to stagnate. Besides wheat yields have ceased to grow in some of the most important wheat producing regions indicating the need for continued genetic improvement in seeds. A great deal also remains to be done for increasing output in dry and semi-arid zones, and in exploiting ground water resources.

Public distribution system

In an agricultural economy like India, even a small decline in output of a major crop due to weather or other factors can lead to a sharp escalation in prices, with particularly adverse impact on the vulnerable sections of society. The public distribution system has, therefore, come to play an important role in meeting the minimum consumption requirements of the people at reasonable prices. After the drought of 1979-80, there has been a significant reduction in the level of stocks, and there is also increasing evidence that the annual requirements of grains through the public distribution system are increasing. These stocks are now being built up again, partly through higher domestic procurement in the current year and partly through imports. In view of the importance of maintaining stability in prices of major foodgrains, it would be essential to keep a close watch on production, procurement and off-take of foodgrains from the public distribution system. Efficient procurement and distribution are essential elements in the strategy for building a viable public distribution system in foodgrains.

An important objective of policy in the coming years must be the creation of an environment in which the productivity of investments is upto expectations. There is evidence that actual output per unit of capital employed in the economy has been decreasing and this has had adverse effects on the growth of the economy as well as on the resource position of the Government. It is necessary to reverse this trend, and to ensure that large investments made by the community earn an adequate rate of return within a reasonable period of time. This objective can be achieved only if existing capacities are utilised fully, and new projects are implemented according to original time schedules. Unfortunately, experience in regard to implementation of projects has not been entirely satisfactory. There have been substantial delays in implementation of projects in even the most critical areas such as power, fertilizers, steel, non-ferrous metals, paper and cement, etc. Delays in implementaion of projects postpone availability of additional supplies; they also add to costs which increase the strain on the country's resouces. Cost escalation of 50 per cent or more over original estimates are not unknown, and this is a major factor in increasing capital-output ratios in important sectors of the economy. By standards of other developing countries, the savings and investment ratios in the Indian economy are quite high; however, growth in production has not been commensurate because of the increasing time-lag between financial expenditure and physical output from projects.

Improving public sector performance

A number of major projects under implementation are in the public sector. The successful implementation of these projects and provision of adequate finance for them are closely linked with the performance of the existing public sector enterprises. Fortunately, the performance of many enterprises has improved in the current year. However, there is considerable scope for further improvement. Under the Sixth Plan, central enterprises other than the Railways and the Posts and Telegraphs are expected to generate a gross surplus of as much as Rs 5,800 crores during 1980-85. The achievement of this target will require vigorous efforts for generating further surpluses during the remaining period of the Plan. As investment in the public enterprises grows and resource constraint becomes more binding, the potential for increasing public developmental outlays in successive Plans would critically depend on the performance of public sector enterprises. It is for this reason that the new 20-point programme places particular emphasis on improving the working of public enterprises and on the timely implementation of projects.

India's balance of payments has been under considerable strain in the last two years. The trade deficit is likely to exceed Rs 5,000 crores for the second year in succession. In order to finance this deficit, it has been necessary to increase recourse to foreign borrowings from offical as well as commercial sources. A substantial proportion of the foreign borrowing in the recent past has had to be on terms that are harder than has been the case traditionally as the supply of concessional funds is inadequate. This trend is likely to persist in the coming years and has obvious implications for the country's debt-servicing burden in the medium term.

In the next few years, while recourse to a certain volume of commercial loans may be unavoidable, it is also clear that this cannot be relied upon as a major and increasing source of financing current account deficits. There are signs that inflow of credits from the International Development Association (IDA), which is a major source of concessional development finance, may be lower than envisaged only a year ago. The prospects for an increase in inflows of bilateral and other sources of external development finance on concessional terms are also not favourable. Prudent management of the balance of payments situation in the next few years, therefore, has to be based on the assumption that capital inflows cannot be sufficient to cover the current account deficits of the magnitude experienced in the recent past. This implies that adjustment in the balance of payments must come from trade and invisibles.

Since 1974-75, there has been a marked increase in the receipts from invisibles on current account, particularly on account of private remittances from abroad. The latest available balance of payments data show that gross receipts from invisibles increased from about Rs 882 crores in 1974-75 to Rs 2823 crores in 1978-79. Net receipts, after allowing for payments also increased from about Rs 326 crores to Rs 1,692 crores during the same period, and remittances on private account increased from Rs. 220 crores to Rs. 944 crores. Available information also shows that receipts from invisibles continued to increase until 1980-81.

In 1981-82, however, there seems to have been some deceleration, and remittances from abroad are likely to show a decline. Unsettled conditions in some of the countries in West Asia as well as some slowing down of new investment and construction activity in oil exporting surplus countries may also have an adverse effect on the inflow of remittances in the immediate future. In order to attract remittances and savings from non-resident Indians, the Government has provided a number of incentives. It is necessary to keep these policies under review in the light of developments in the external financial markets and the increasing sophistication of Indian emigrants in channelling their savings in alternative imvestment opportunities abroad.

Imports

On the trade side, the bulk of the increase in trade deficit has been on account of the rise in the value of imports since 1979-80. Imports have doubled in a period of three years (from the level of about Rs 6,800 crores in 1978-79 to over Rs 13,200 crores in 1981-82). A major reason for this was the sharp escalation in oil and other prices and consequent deterioration in the terms of trade. It has been estimated that in 1979-80 the loss due to terms of trade deterioration was of the order of Rs 2,419 crores (taking 1978-79 as the base).

Nearly 60 per cent of India's imports are accounted for by oil, fertilizers, edible oils and steel. In respect of crude oil and fertilizers, the increase in the import bill has been on account of increase in prices, although a part of the increase in 1980-81 was also on account of larger volume of imports due to lower domestic production of crude oil in the north eastern region. So far as edible oils and steel are concerned, the increase in imports in recent years has been mainly on account of higher quantities of imports because of inadequacy of domestic production.

These bulk imports are either essential inputs into production or as in the case of edible oils, they are designed to keep the price situation of essential commodities under control. As such, a significant cut in these imports is not feasible unless domestic production increases at a sufficiently high rate. With this end in view, in the Sixth Plan, the country has embarked on a major programme for expansion of output and capacity in critical areas particularly oil seeds, fertilizers, steel and cement. Efforts are being made to increase production of oilseeds through extention and intensive development programmes in selected areas. The successful implementation of these and other programmes should contribute to reducing the pressure on the balance of payments by the end of the Sixth Plan period. In addition to bulk commodities, India is a significant importer of capital goods and industrial raw materials. In relation to total imports, however, the size of these imports is relatively small.

Exports

. It is noteworthy that the substantial increase in exports achieved during the period 1974-75 to 1976-77 was partly on account of the boom in the value of agricultural or agro-based exports, such as, oil cakes, marine products and sugar. Our major traditional exports e.g. jute, tea and textiles are also heavily dependent on the performance of the agricultural sector. Fortunately, it has been possible to avoid large-scale imports of wheat, rice and raw cotton in the last three years when the balance of payments has been under severe pressure. For the viability of the balance of payments over the medium term, it is important to maintain the momentum of growth in the agricultural sector, and thus keep imports of edible oils, foodgrains and other agricultural raw materials to a minimum.

Rapid export growth is an essential element of the strategy for managing the balance of payments both in order to close the trade gap over time and also to ensure adequate debt servicing capacity in the medium term. In value terms, the rate of growth of exports averaed 12.7 per cent per year during the period 1975-76 to 1981-82. This is a reasonable performance. However, there can be no room for complacency. A special effort needs to be made to expand exports in sectors which are internationally competitive and for which the world demand is increasing. It is a matter of concern that in three out of five years since 1977-78, the increase in exports was only of the order of 5 per cent in value terms. It is also a matter of concern that the share of engineering exports in our total exports has remained around 12 to 13 per cent since 1975-76, after increasing progressively from the level of only 1.3 per cent in 1960-61.

Since exports from the agricultural sector are likely to depend on the domestic supply situation and the world market conditions which are subject to sharp variations from year to year, it is clear that growth in exports on a sustained scale will depend on the performance of the industrial sector. In a highly competitive world, and a situation where growth in total trade is expected to be low in the medium term, the success of our export effort will depend crucially on the quality and prices of our industrial products.

There is substantial unutilised potential for growth of exports in a number of sectors *e.g.* textiles, engineering, marine products, foot-wear and other leather products, and handicrafts (including gem and jewellery). Despite growing protectionism, world markets in these products are large and expanding, and as a relatively small supplier, India should have ample scope for increasing its share of world trade. As the problems and constraints in increasing exports in each sector are different, it is essential to evolve a product by product export strategy, which will aim at removing these constraints and providing maximum support to those exporters who have shown good export performance and who have the capacity to expand their exports at a fast rate. To this end, it would be necessary to keep under review the entire gamut of policies which affect growth of production and exports in selected areas. The maintenance of price stability, continued improvement in infrastructure, and the satisfactory supply situation in respect of inputs should provide the right environment for expansion of exports in the coming years.

During 1981-82 the economy has shown remarkable resilience. Despite the deterioration in the external environment, it has been possible to increase agricultural and industrial production, reduce the rate of inflation, maintain adequate supplies of agricultural and essential commodities, and contain the pressure on balance of payments within manageable bounds. The task ahead is to consolidate these gains, increase productivity and to build a firm foundation for sustained and equitable growth in the economy.

RAILWAYS: FINANCES IN DISARRAY

By Commerce Research Bureau

IN his first railway budget presented to Parliament on February 23, Mr. P.C. Sethi, who recently took over the railway portfolio, has proposed to raise an additional revenue of Rs. 261 crores during the fiscal year 1982-83. The largest chunk of this additional revenue would come from a hike in passenger fares which is expected to yield an amount of Rs 172.60 crores. Though the Railway Minister has not imposed any new across-the-board rise in freight rates, he has proposed withdrawal of exemption from the levy of supplementary charges that was granted earlier to some essential commodities like foodgrains, pulses and salt. This measure is estimated to yield Rs 76.85 crores in 1982-83. The changes proposed in the budget in luggage and parcel freight rate structure would bring in another Rs 12 crores.

Taking into account the gross traffic receipt estimated at Rs 4,176 crores in 1982-83 and the various adjustments made thereto, the railways are expected to close the year 1982-83 with a gross surplus of Rs 109.79 crores as compared with the surplus of Rs 51.84 crores shown in the revised estimates for 1981-82.

Deceptive surplus

However, the surplus of Rs 109.79 crores shown in the 1982-83 railway budget could ultimately prove to be deceptive. If past experience is any guide, this surplus would probably turn into a deficit as has happened on more than one occasion. For example, the amount of Rs 70.42 crores shown as surplus in the budget estimate for 1979-80 turned into a deficit of Rs 42.10 crores in the revised estimate and into a still higher actual deficit of Rs 66.24 crores. Similarly, the surplus of Rs 33.71 crores shown as budget estimate for 1980-81 turned into the actual deficit of Rs 197.87 crores.

The story of the 1981-82 budget is more telling. Originally, when the budget was presented in February 1981, it had an estimated surplus of Rs 49.89 crores. Then came the double hikes in freights and fares — once in the form of rounding off exercise and again in December 1981 through a mere annoucement in Parliament — estimated to yield Rs 80 crores in the remaining period of three months of 1981-82, or over Rs 300 crores in a full year. This was on top of the heaviest burden of Rs 356 crores imposed in any year in the 1981-82 budget. So, in 1981-82, the Railway Ministry had imposed a burden of about Rs 430 crores on the public at large. And yet, now one learns that the estimated surplus of Rs 49.89 crores has been revised to a surplus of Rs 52.34 crores. In other words, after imposing an additional burden of Rs 80 crores, the railways could raise the surplus only by rupees two and a half crores. And even this is only a revised estimate. What the actual figure would ultimately turn out to be when the next year's railways budget is presented, one only wonders. In any case, the insistence on presenting a balanced budget appears to have led to strange consequences.

Highlights of 1982-83 budget

The major highlight of the 1982-83 railway budget is the sharp rise in passenger fares. Mr Sethi has announced increase in fare for second class — both ordinary and mail/express — by 4 paise for every 5 km utp 400 km, 3 paise for every 5 km from 401 to 800 km, and 2.5 paise for every 5 km beyond 800 km. The minimum fare for second class mail/express trains has been raised to Rs 1.60. In air conditioned chair car fare has been raised by 2 paise per km. for distance beyond 250 km. Also first class and AC two-tier sleeper fares are up by 2 paise per km. beyond 250 km. Air-conditioned class fares are up by 10 paise per km subject to a maximum of Rs 40 per ticket. Rajdhani Express fares for AC chair car have been increased by 25 per cent. For other classes, the increase is 20 per cent. The surcharge on air-conditioned 2-tier sleeper has been revised to Rs 15 per ticket up to 500 km, Rs 25 from 501 to 1000km, Rs 40 from 1001 to 1500 km and Rs 50 for distance above 1500 km. The sleeper surcharge, presently Rs 5 per night for the first two nights with no additional charge for the subsequent nights, is proposed to be raised to Rs 8 per night for the first two nights. No additional charge will be levied on subsequent nights. The age limit for free travel by children has been reduced from five to three years.

Mr. Sethi has not increased the monthly season ticket fare on the ground that it would have been reflected in the consumer price index. However, it is not that the suburban passengers in metropolitan cities like Bombay and Calcutta, have been completely let off. The rates of single tickets have been substantially raised. The fact that the fare for second class tickets has been raised by 4 paise for every 5 km upto 400 km would affect the suburban train passenger adversely. For example, the fare for one way travel between Churchgate and Borivli stations on the Western Railway's Bombay suburban section would go up by 30 paise. The reduction in the age limit for free travel by children from five years to three coupled with the rise in the minimum rate of a single ticket from 50 paise to 70 would also hit the common man below the belt. It was only a few months back that the minimum rate for a single ticket was raised in the name of rounding off exercise.

Even though the freight charges have not been revised, the budget has withdrawn the exemptions that had been allowed for certain commodities. As a result commodities like foodgrains, pulses, sugarcane, sugar, salt, edible oil, charcoal, fruit and vegetables and chemical fertilisers would have to bear higher freight burden. The only commodities which are now exempt are firewood, matches, medicines, fodder, and kerosene. The movement of banana and oranges by railway would be costlier after July 1982 as the concessional fare for these two commodities are proposed to be withdrawn after June 30, 1982.

As far as railway passengers are concerned this is not the end of the story. Mr. M.S. Gujral, the Railway Board chairman, has said that in view of the recommendations of the Railway Traffic Enquiry Committee the suburban fares would have to be revised sooner or later. In fact he stated at the press conference

Railway Budget : Main proposals

1. Second Class Ordinary *(Suburban and Non-Suburban, other than season tickets)*
   - (a) The exemptions given with effect from 15-7-80 (from 10 per cent surcharge upto 100 kms.) and from 1-4-1981 (from 5 per cent surcharge upto 200 kms.) proposed to be withdrawn and the fares rounded off to the next higher multiple of 10 paise.
   - (b) Fares of this class proposed to be revised from 1-4-82 as under:—
     - i. fares upto 400 kms. to be increased by 4 paise for each block of 5 kms.;
     - ii. fares from 401 kms. to 800 kms. to be increased by 3 paise for each block of 5 kms.; and
     - iii. for distances over 800 kms. the fare to be raised by 2.5 paise per 5 kms.
   - (c) The minimum fare to be raised from 50 paise to 70 paise.
2. Second Class Mail/Express *(other than season tickets)*

   Fare for this mode of travel to be raised on the same basis as for Second Class Ordinary.

   The Minimum charge also to be raised from Re 1 to Rs 1.50.
3. Air-conditioned Chair Car

   Fare for this class to be raised as follows:—
   - (a) upto 250 kms. — No change.
   - (b) 251 kms. and above — Increase by 2 paise per km.
4. First Class and AC Two-tier Sleeper

   Proposed to increase the First Class and AC two-tier sleeper fares as follows:—
   - (a) upto 250 kms. — No change
   - (b) 251 kms. and above — Increase by 2 paise per km.
5. Surcharge on Air-conditioned 2-tier Sleeper

   At present a surcharge is levied at Rs. 15 upto a distance of 1000 kms. and Rs. 25 for long journeys. It is proposed to re-adjust the levy of surcharge as under:—

upto 500 kms.	Rs. 15/ticket
501 to 1000 kms.	Rs. 25/ticket
1001 to 1500 kms.	Rs. 40/ticket
1501 kms. and above	Rs. 50/ticket

6. Air-conditioned Class

   Fares for this class proposed to be raised by 10 paise per km. for journeys above 80 kms. subject to a maximum of Rs. 40 per ticket.
7. Sleeper Surcharge

   At present this charge is Rs 5 per night for the first two nights, with no additional charge for the subsequent nights. It is proposed to raise this to Rs. 8 per night for the first two nights, without modifying the condition regarding the subsequent nights being free.
8. Surcharge on Superfast Trains

   These trains provide higher standard of comfort and give considerable value in the form of saving of time to the users. It is proposed to upgrade Surcharge as under :-

   Air-conditioned Class —
   From Rs 20 to Rs 25
   First Class and AC two-tier sleeper —
   From Rs. 10 to Rs 12
   AC Chair car —
   From Rs 6 to Rs 12
   Second Class Sleeper —
   From Rs 2 to Rs 6

   There will be no change in the surcharge for Second Class sitting accommodation on these superfast trains.
9. Adjustments in Rajdhani Fares

   Fares for Air-conditioned class and two-tier AC Sleeper proposed to be increased by 20 per cent and AC Chair Car by 25 per cent.
10. Eligibility for Free Travel by Children

    Age-limit for free travel by children proposed to be reduced from the present 5 years to 3 years.
11. Changes in Parcel Freight Structure

    Parcel traffic proposed to be grouped into six groups against fourteen at present with a separate scale or norm for charging.
12. Freight Charges

    The exemptions from levy of supplementary charges from 1-4-1979, 15-7-1980 and 1-4-1981 allowed in respect of certain commodities proposed to be withdrawn so as to rationalise the freight rates. Firewood, medicines, fodder (other than oil cake), kerosene oil and safety matches to continue to enjoy exemptions.

    The existing concessions to bananas and oranges to be allowed to continue upto 30-6-1982, whereafter they will be withdrawn.

after the presentation of the budget that while the railways were not very much behind in the case of freight and the charges were close to the recommendations, "we are far behind in the case of passenger fares". This gives an idea of the additional burden that might be imposed on passengers in the near future. The railways claim to have incurred a loss of Rs 416 crores on passenger traffic in 1981-82. The total extent of loss incurred by railways on account of its social obligations has gone up sizably from Rs 120 crores in 1970-71 to Rs 535 crores in 1981-82. One only wonders how far the railways could go in imposing additional doses of burden on the common man. In the last two years alone, it has imposed a total burden of Rs 917 crores on the common man through hikes in freight and fare rates. It also raises the fun mental question whether hikes in fa and freight are the only ways to impr the railway's finances or improvem in productivity also merits attention.

Physical performance

The physical performance of railways has no doubt shown impro ment during 1981-82. In the 1981 udget it was indicated that the railways ould move 215 million tonnes of revenue arning traffic, 20 million tonnes more han what was achieved during the previous year. However, the railways chieved this target in the first nine months of 1981-82 only. Now it is estimated that during 1981-82 the total evenue earning traffic would be 220 million tonnes, the highest ever achieved by the railways. In terms of traffic throughput expressed as net tonne kilometre also the railways are expected to set a record of 165 billion during 1981-82 as compared with 147.65 billion in the previous year. Wagon turnround, the period between two successive loadings, came down from an average of 15.2 days in 1980-81 to 13.6 days in 1981-82 on the broadguage. The Railway Minister has claimed that the transportation needs of steel plants, cement and petroleum industries, thermal power plants and also in respect of foodgrains, fertilisers and other essential goods had been met. In fact he went to the extent of claiming that as a result of the improvement in wagon turn round time, the production had increased and the era of shortages of essential goods had been left behind.

Even though in recent months, the movement of goods through railways has undoubtedly improved, a sizable production of goods movement is still being handled by other modes of transport, particularly by road transport, with its high cost consequences over long distances. Hence the target of handling 230 million tonnes of goods which the railways have fixed for itself could hardly be regarded as ambitious.

Annual Plan

The year 1982-83 would be the third year of the Sixth Five Year Plan (1980-85) for the railways. An amount of Rs 1,137 crores has been allotted for the plan programmes of 1982-83 as against the amount of Rs 1,137.29 crores (R.E.) spent in 1981-82. The total Sixth Plan outlay for railways had been put at Rs 5,100 crores.

In the plan programmes for 1982-83, the highest importance in terms of financial allocations has been attached to rolling stock — an item that gets Rs 467 crores out of the total plan outlay of Rs 1,137 crores. The programmes of track renewal get Rs 161 crores followed by electrification projects with allocation of Rs 110 crores.

Thus, of the annual plan outlay for 1982-83, about 50 per cent is expected to be spent on replacement and renewal account. The tasks that the railways have to perform in this area are indeed herculean. At the moment, about 13,000 km of railway tracks are in urgent need of renewal while 40,700 wagons and 3,150 coaches are over-aged. By the end of the Sixth Plan, the position would be still worse when 17 per cent of the holdings of coaches both on BG and MG and 10.6 per cent of broad guage wagons would be overaged. During 1981-82, 600 coaches, 18,250 wagons and 550 locomotives, which were overaged, were likely to be condemned.

It may be true as claimed by the Railway Minister that vigorous efforts were continued in 1981-82 to overtake the backlog in maintenance of rolling stock by achieving increased productivity within the existing facilities, and capacity utilisation of workshops for periodical overhaul of coaches was gradually stepped up from 94 per cent in 1980-81 to 98.5 per cent in 1981-82. Likewise, it has been said that capacity utilisation of workshops in which wagons were overhauled was raised from 77.5 per cent in 1980-81 to 90 per cent in 1981-82. By undertaking a planned programme of corrosion repairs to box wagons, additional capacity for repairing around 1,000 wagons per month had been generated. Similarly, capacity for overhauling box wagons had been raised from 1,600 to 2,500 wagons a month during the year. A crash programme was also launched for inspection of roller bearings and other components the failure of which could lead to accidents.

All this may be good news. But considering the dimensions of the need to replace the capital stock of the railways these developments would provide little cheer. In fact, the annual plan budget of the railways seems too small to be able to provide for replacement needs. A few months back, the Planning Commission had slashed down the allocation of railways for 1982-83 by more than Rs 300 crores. Apparently, the railways have not been able to generate enough internal resources to take care of the challenges.

Finances in disarray

Notwithstanding the improvements in physical performance of the railways, their finances are in disarray. The net losses incurred by the railways have gone up from Rs 66 crores in 1979-80 to Rs 198 crores in 1980-81. The actual position regarding financial performance would be known only next year for 1981-82 and after two years for 1982-83.

The contributory factor to the financial mess of the railways is the rapid rise in its working expenses. From Rs 1,868 crores in 1978-79, the working expenses of the railways have gone up to Rs 2,142 crores in 1979-80 and to Rs 2,536 crores in 1980-81. For the next two years, the figures are Rs 3,163 crores (R.E) and Rs 3,701 crores (B.E).

A look at the components of the working expenses of the railways indicates that the largest single item is fuel, the expense on which has gone up from Rs 390 crores in 1979-80 to Rs 510 crores in 1980-81 and to Rs 672 crores (R.E.) in 1981-82. In 1982-83 an estimated Rs 719 crores will be spent on this item of working expense.

The amount spent on staff welfare, amenities, provident fund, previous and other retirement benefits is also rising fast. The expense incurred on this item rose from Rs 174 crores in 1979-80 to Rs 218 crores in 1980-81, Rs 253 crores (R.E) in 1981-82 and Rs 279 crores in 1982-83 (B.E).

It is the faster rise in expenses than in income that has been turning the estimated surplus of the railways into losses. It is true that the railways have got themselves trapped into a cost-price squeeze with little control on prices payable for purchase of various items. However, this could be only a part of the explanation because the railways must have a control on the quantity and quality of items they buy as also on their maintenance and inventories. The surplus and inefficient staff employed by railways also does not brook any justification. To go on revising the prices of the output to meet the losses arising out of inefficiency is too simplistic a solution.

Passenger services

In a frank confession, Mr Sethi has admitted that the railways have tended to neglect passenger services. "I must confess that the results achieved in respect of passenger services had not been as spectacular as those in respect of goods traffic, although the budgets growth of 3 per cent in non-suburban and 6 per cent in suburban passenger traffic will be achieved", he said. In spite of financial and other restraints, the Minister said, the railways have taken certain steps to create more passenger carrying capacity. In the suburban sections where the rush is very heavy, 12 new trains were introduced during 1981-82 till December 1981. Mr Sethi has also identified areas where steps would be taken to raise the railways' capacity of handling passengers. All this of course falls far short of ultimately raising the passenger facilities in travelling a little more comfortably.

Productivity is the only area where improvements would take the Railways out of its present mess. A 10 per cent improvement in its productivity could go a long way in putting some order in railway finances as also helping restore people's faith in safe running of trains.

That the image of the railways has been tarnished by increasing incidence of accidents has been readily admitted by Mr Sethi. According to the statistics published by the Railway Board, the number of railway accidents has been steadily mounting since 1976-77. From 9,543 in 1976-77, the number of railway accidents went up to 10,984 in 1977-78, 11,083 in 1978-79, 12,189 in 1979-80 and 12,885 in 1980-81. The number of consequential accidents, defined as those "which involve or are likely to involve risk to life, time and property", has also gone up. From 780 in 1976-77, the number of such accidents has gone up to 866 in 1977-78 and to 931 in 1978-79. Even though this number came down to 900 in 1979-80, it again went up to 1,013 in 1980-81. What should cause more concern is the fact that the incidence of accidents as also of consequential accidents per million kilometres of run by trains has been going up at a time when the total run by the trains has been falling. The crash programme proposed by the Minister to deal with the management of the railway safety includes measures like quick improvements of capacity utilisation of workshops and sheds, acceleration of condemnation of over-aged stock and renewal of over-aged tracks.

While any measures aimed at reducing the incidence of accidents on the railways would be welcome, one only wishes to add that unless the railway staff is motivated in this direction no significant improvments could be brought about. The Indian railways are far from being fully automatic with the result that a great deal of operations are manual. This puts heavy responsibility on the staff in regard to safety. It is noteworthy that of the 1,013 consequential accidents that took place in 1980-81, as many as 592 were due to failure of the railway staff.

Productivity

Productivity is the only area where improvements would take the railways out of its present mess. In the "year of productivity" the Railway Minister has set himself the task of achieving a 10 per cent improvement in productivity all round. If carried out, this improvement in productivity could go a long way not only in putting some order in railway finances but would also help in restoring the people's faith in the safe running of trains. Raising the productivity could be regarded as the most important task of the Indian Railways today.

◆

A deficit of Rs 1,365 crores

(Continued from page 389)

It is proposed to raise the rate for printed post cards from 20 paise to 25 paise, letter cards from 25 paise to 35 paise and envelopes of the lowest weight slab from 35 paise to 50 paise. There will be no increase in the rate of ordinary post card which is generally used by the common man, even though this service involves an annual loss of about Rs 20 crores. The tariff for book-post articles is also proposed to be raised from 25 paise to 30 paise. The postage for registered newspaper has remained at the very low level of two paise for many years now. It is proposed to fix it at five paise for a single newspaper, with suitable adjustments for higher weight slabs. Even after this revision, the newspaper service will be subsidised to the extent of Rs 7 crores a year.

The changes in postal tariffs will take effect from a date to be notified after the Finance Bill is passed by Parliament. Additional revenue is estimated at Rs 35.33 crores in a full year, about Rs 26 crores in 1982-83.

Concluding the Finance Minister said: "I have set forth a framework of policies with a view to encouraging higher savings, investment and production in the economy. Plan outlays are being stepped up substantially, particularly for sectors emphasized in the 20-point programme. Adequate provision has been made for national security. Despite these commitments, the budgetary deficit has been contained within reasonable limits. To achieve this, a measure of resource mobilisation was inescapable. I have, however, taken care to see that resources are raised without building new inflationary pressures. In particular, I have tried to avoid placing burdens on the low and middle income groups. The budget constitutes a challenge to all those who are associated with the implementation of our development plan. It is an invitation to farmers, industry and labour for higher productivity, to the trading community for ensuring healthy marketing and distribution, and, indeed, to all our people, soldiers and civilians, to march forward shoulder to shoulder in the twin tasks of national development and defence."

●

EASTERN INDIA TODAY

Funding of West Bengal's annual plan

From P.C. MAHANTI

CALCUTTA

WHILE the annual plans for 1982-83 of all other states have been cleared by the Planning Commission, only West Bengal's remains to be finalised. The hitch, as far as one can judge from press reports, is that the Planning Commission is not quite satisfied about the State's ability to raise additional resources of Rs 42 crores on its own to fund a plan of the size of Rs 758 crores. The ground for the Planning Commission's doubts is the size of the State's overdraft, placed at Rs 253 crores, which is lower than only that of Rajasthan. The commission apparently attributes this huge overdraft to either financial indiscipline or inelasticity of the State's taxable resources or both and is, therefore, unwilling to clear the plan that the State Government has prepared involving a Central assistance of Rs 120 crores. If clearance is given ultimately the Centre will have to provide the funds or at least have the moral responsibility to do so.

West Bengal's Chief Minister and Finance Minister are naturally aggrieved and their feeling that a kind of political discrimination is being practiced against the State is understandable. The State Government, specifically the Finance Minister, has provided estimates of additional resources that the State can mobilise on its own to make a plan of the size of Rs 758 crores feasible. Estimates are estimates and the Planning Commission should leave the State Government's claims to be tested by experience rather than keep raising doubts about their validity or accuracy. Moreover, the State Government is not convinced that the Reserve Bank's figure of West Bengal's overdraft running into such a huge sum of Rs 253 crores is correct. The State Finance Minister wrote to the Minister of Planning, Mr S.B. Chavan, requesting him to set up a committee consisting of representatives of the Union Ministry of Finance, the Reserve Bank and the State Government, to analyse the estimates of the overdraft and other suggestions as to how this could be repaid without holding up the State's annual plan. The Union Minister has apparently not reacted to the suggestion positively. The Chief Minister, Mr Jyoti Basu, in his press conference at New Delhi has again voiced his demand for such a committee so that the State Ministry could have some "understanding of this overdraft question".

Since the Chief Minister and the Finance Minister have returned empty handed, the State would have no plan for 1982-83 until a new government is installed after the next election as and when that is held. The existing ministry will present a "vote on account" budget and this unhappy fact of the annual plan remaining unfinalised will be neatly recorded. There are projects like the Haldia Petrochemical Complex, the second Hooghly bridge and an irrigation project to utilise Teesta waters in West Bengal, which are vital to the economic future of the State. One of these—the second Hooghly bridge—is an on-going one and the other projects cannot be launched until there is a new government. In any case the present government will leave office without being able to launch a single project of any consequence.

No new steel plant for Bihar

Contrary to the impression created by the Bihar Chief Minister's statement that the Centre would not mind if the state initiates steps for setting up a large-sized steel plant, the Minister of State for Steel and Mines, Dr Charanjit Chanana, has cleared the air by his categorical statement that no new steel plant is going to be set up in Bihar. If Dr Jagannath Mishra has commissioned a project report from the Metallurgical and Engineering Consultants of Ranchi, then he is going to waste some public money, for Mecon's report will have little practical utility at present at any rate in the foreseeable future.

Meanwhile, the power situation in Bihar seems to be going from bad to worse. According to a newspaper report the industrial city of Ranchi had to go without power for a day or two as the Bihar State Electricity Board had to suspend supplies from February 16 evening, because of a near breakdown of Patratu and Barauni power stations. These power stations have a total capacity of 870 mw but are currently generating only 135 mw. The official media has been putting out stories of impressive additions to power generating capacity of the various power plants in the State, especially Barauni and Patratu, but the consumers in the regions served by these power stations cannot be taking the reports seriously or may be even laughing at them.

ICICI office in Gauhati

The Industrial Credit and Investment Corporation of India (ICICI) has opened an office in Gauhati which is described as a "development office". The expression is interpreted to mean that the function of the office will be to stimulate greater entrepreneurial activity in the region which has substantial mineral and forest resources to justify large investments. The ICICI has assisted over 2,500 projects all over the country but only 18 in the whole of the North-East Region involving a sum of just Rs 8.38 crores. Of the 18 again 14 are in Assam which means the rest of the region has had little benefit of ICICI's activity over the years. With the opening of the Gauhati office which will attend to the problems of promotion, implementation and operation of projects, as well as train managerial and other professional personnel for industrial undertakings to be set up, the ICICI's involvement in the economic development of the region should increase steadily. The managing director of ICICI, Mr S.S Nadkarni, has assured that while viability of projects would be the main consideration for extending the corporation's assistance considering the economic backwardness of the region, rigid norms would not be followed. Already ICICI assistance is being given to backward regions on concessional terms.

An area where some entrepreneurial activity is immediately needed is downstream industries that can be based on the Bongaigaon refinery. Already several projects in the textile spinning field have been identified. ICICI has already given aid to many units in the textile especially manmade fibres field and its experience and expertise should be a boon to all prospective entrepreneurs such as may wish to start industrial ventures in the region.

DIC's achievement

If the claim made by a district industries centre in Assam in to be believed entrepreneurial qualities are not exactly scarce in the people of this region but these find it difficult to blossom due to any number of institutional difficulties that are inherent in a feudalistic society with its outmoded value system. This enterprising district industries centre at Goalpara has been very successful in locating thousands of entrepreneurs and artisans are being motivated to take up projects through training and discussion programmes. In fact many of the entrepreneurs have started tiny ventures of their own which make perfect commercial sense.

The DIC's achievements look statistically impressive. It has issued provisional registration to 500 small units of whom 268 have already gone into production. These industries include stone crushing, printing press, jute bailing, umbrella assembling, ball pen making, wooden furniture, electrical accessories, match, soap, candlestick, readymade cotton and woollen garments, and others, which are mostly based on local resources and local skills. The above are basically of the cottage industry variety which have already offered employment to some 1,800 persons. But the DIC concerned now plans to induce more experienced qualified and skilled entrepreneurs into more sophisticated industries like calcined coke, paper carton, polythene laminated gunny bags, steel pipes pesticides and others. In fact definite proposals have already come up and found, to be quite viable on close scrutiny. Banks have been approached for finance and the DIC authorities hope that several of these projects will be launched soon. In fact a few have already gone into production. So the district industries centre idea, conceived and implemented during the Janata regime, is not only a good one but is an effective answer to India's problems of poverty and economic stagnation, in the countryside.

JUST OUT

TEXTILE & ENGINEERING DIRECTORY 1980

- Information about Cotton, Silk, Man - Made Fibre and Jute Mills in India, Pakistan, Bangladesh and Sri Lanka with details of Bleaching, Dyeing, Printing and Mercerising, in addition to a separate section on Processing House.
- Details of Textile Trade Organisations and Associations.
- Purchase Guide and Catalogue of Textile Machinery, Mill Stores, Spares and Accessories, Dyes and Chemicals and Oils.
- Statistical Guide and Technical Reference Book.

Price : Rs. 100/-

Publishers :
COMMERCE PUBLICATIONS LIMITED
Manek Mahal, 6th Floor, 90, Veer Nariman Road, Churchgate.
BOMBAY - 400 020.

Phone : 253505

Grams : ECREMMOC

COMMERCE

Vol. 144 No. 3691 Bombay, March 6, 1982

—A FEATURE

CHALLENGES BEFORE THE DRUG INDUSTRY

On ship, on shore...
Mafron®
knocks all other
refrigerants
cold !

Ensures efficiency, sustained
refrigeration performance,
longer life of
all cooling systems.

MAFRON refrigerants match the performance of the best refrigerants on every count, including price:

- ☐ Totally dry, therefore safe and reliable.
- ☐ Conform to high international standards
- ☐ Subject to stringent quality control
- ☐ Ensure peak efficiency, sustained performance, longer life of your cooling system.
- ☐ Easily available, in grades 12 and 22

No wonder MAFRON refrigerants have been the first choice for air-conditioning and refrigeration, on ships, naval frigates cargo vessels, etc.

Remember to specify MAFRON. Why ask for imported refrigerants under bond, when you can easily get MAFRON quality ?

Special price for international sailings!

Safe, dry,
reliable
Mafron®
REFRIGERANTS
Manufactured by
NAVIN FLUORINE
INDUSTRIES

Chemicals Division
THE MAFATLAL FINE
SPG. & MFG. CO. LTD.
Mafatlal Centre,
Nariman Point Bombay 400 021.

Formidable challenge of growth

By A Special Correspondent

THE pharmaceutical industry is in a crisis. A crisis born out of well-meaning but misguided policies. The inflationary pressures in the economy and the escalating costs of production witnessed in the past few years continue unabated. Yet there is insufficient relief in respect of prices, which for drugs are arbitrarily pegged at uneconomic levels. The result is a sharp decline in profitability and the consequent fall in investment and production.

In spite of all its efforts, the industry is sinking deeper and deeper in the quicksand of unrealistic, irrational, counter-productive and damaging policies and constraints. The inevitable happened, drug shortages occurred. The shortages, which were occasional in the beginning, soon became frequent. In fact, now the shortages are so frequent and wide-ranging that they make stale news.

According to the annual report of the Department of Chemicals and Fertilizers, the production of formulations in 1980-81, these increases are insignificant. It Rs 1,150 crores during 1979-80, representing an increase of 4 per cent and that of bulk drugs increased by 9 per cent from Rs 220 crores in 1979-80 to Rs 240 crores in 1980-81. As compared to the 16 per cent increase projected for the year 1980-18, these increases are insignificant. In the current year 1981-82, if allowance is made for the increase in prices of some bulk drugs and formulations already made, it will be seen that there has been no growth in production. On the other hand, output may have actually declined.

Control mechanism

Since 1962, when drug prices were frozen, the Government has devised a series of control mechanisms, each more constricting than the previous one, culminating in the Waterloo of 1979 — the pricing formula in the latest Drugs (Prices Control) Order. Under this formula not only the price of and profitability of every bulk drug, but also the price and profit margin on each and every finished product are fixed. On top of this, the overall profit a company can make is also controlled. The markups allowed are as low as 40 per cent and 55 per cent for Category I and II drugs, far below the break-even markup estimated at 75 per cent. Government approval has to be obtained for every price increase, on each product and pack.

The price control system further lays down that prices cannot be raised, unless approval is first granted for every pack of every product. Several months pass before a price increase is granted. Thus, although, several new prices have been recently announced, these new prices do not take into full account the cost escalation in the past few years.

Table 1

(Rs crores)

	Present position (1980-81)	Sixth Plan target (1984-85)
Investment	450	775
Production:		
Bulk	240	665
Formulation	1,200	2,450
Import	150	150
Export	47.5	60

There is no adequate administrative machinery to deal expeditiously with hundreds of price revision applications. And by the time prices are revised, costs have increased further, rendering the approved price uneconomic.

Inordinate delay in price revision is not the only problem. What is even worse is that when prices are finally approved they are inadequate and far below what is warranted by the cost of production and even the Government's own pricing norms. This is because actual costs are not taken into account; several legitimate costs are arbitrarily disallowed.

Naturally, the decline in the profitability of the industry has had its impact on investments. New investments in the industry declined from Rs 19.1 crores per year during the pre-DPCO period (1963-1969) to Rs 8.7 crores per year during the 1970 post-DPCO period (1970-1973). In more recent years, there has been insignificant new investment based on self-generated resources in the industry. In point of fact, most units of the industry are eating into their capital reserve. This is confirmed by a study of the balance sheets of 20 leading

Liquid injectables automatic filling machine.

A real Breakthrough

in Antibacterial therapy...

KOMBINA

A Combination of
Trimethoprim and Sulphamethoxazole
with all the advantages of an
effective antibacterial therapy.

- Broad Spectrum activity
- Development of bacterial resistance unlikely
- Bactericidal action
- Unique mode of action
- High plasma & tissue level
- Minimal disturbance of intestinal flora
- Simple twice daily dosage

PX/KA-1/81

PRESENTATION :
KOMBINA TABLETS
Each tablet contains:
Trimethoprim I.P.-80 mg.
Sulphamethoxazole I.P.- 400 mg.
in strip of 10's

KOMBINA
PEDIATRIC SUSPENSION
Each 5 ml. contains:
Trimethoprim I.P.-40 mg.
Sulphamethoxazole I.P.-200 mg.
Bottles of 50 ml. & 100 ml.

Deys
Marketing Division
Dey's Medical Stores (Mfg.) Ltd.
41 Chowringhee Road, Calcutta-700071

companies by the *The Economic Times Research Bureau* which showed that retained profits of these companies showed negative growth of −22.5 per cent in 1980-81. These companies together accounted for a total drug sales of Rs 474 crores in 1980-81 or about 50 per cent of the entire production of the organised sector of the industry.

In addition to a more rational pricing policy it is absolutely essential that the Government reviews and modifies the current licensing policy and adopts a more pragmatic and growth-oriented policy which will meet the demand projections and estimates of pharmaceuticals during the Sixth Plan (1980-81 to 1984-85).

An idea of the magnitude of the growth envisaged for the pharmaceutical industry during the Sixth Plan period and the targets that have to be reached can be had by comparing the present figures with the projected growth:—

To meet the plan targets the industry has to grow in the current and next two years as much as it did during the past thirty years. This is a formidable challenge in terms of available resources, efforts and planning. While the targets may appear far too ambitious in relation to the present status, these are, undoubtedly realistic when measured against the minimum needs and requirements of the country.

Available statistics indicate that while India's balance of trade has deteriorated continuously over the last four years (trade deficit in 1977-78 was Rs 691 crores and increased sharply in 1980-81 to Rs 5,756 crores), the imports of bulk drugs into the country have registered a significant and progressive increase over the last few years (CIF value of imports: Rs 46.02 crores in 1975-76; Rs 93.81 crores in 1979-80 and Rs 112.8 crores in 1980-81).

Although a large number of life-saving drugs and especially drugs for the treatment of tropical diseases like malaria, worm infestations, leprosy, etc are being produced in the country, it is most unfortunate that the very same drugs are imported into India, spending large amounts of scarce foreign exchange. The manufacturers of these basic drugs in the country are capable and would be willing to expand the production capacities of all these drugs in order to meet fully the country's requirements, if they are given remunerative prices and various constraints, especially those involving licensing, are removed.

Table 1 : Statement showing cost escalation of raw materials, packaging materials and utilities

	Unit	1976 Price in Rs.	1981 Price in Rs.	increase Percentage
Raw materials				
Lactose	Kg.	7.15	14.75	106.29
Glycerine	Kg.	19.47	30.40	56.14
Gelatine	Kg.	31.09	55.99	80.09
Sugar D 30	Kg.	2.15	7.49	248.37
Sodium Benzoate	Kg.	19.62	28.[illegible]	47.25
Liquid paraffin	Kg.	20.85	36.58	75.44
Salicylic Acid	Kg.	15.78	32.96	108.87
Alcohol (Isopropanol)	Kg.	8.86	18.54	109.26
Packing Materials				
Vial 5 ml white	1000	107.07	204.24	90.75
Ampoules 2 ml (amber)	1000	113 .30	177.16	56.36
Glass bottle (amber) 50 ml	1000	233.60	378.47	62.02
PP Caps	1000	140.40	185.76	32.31
Tubes 5 gm	1000	326.27	656.29	101.15
Corrugated box	Each	7.88	12.47	58.25
Aluminium foil (printed)	Kg.	45.73	69.55	52.09
Utilities				
Electricity	KWPH	0.24	0.45	87.50
High-speed diesel oil	Litre	1.23	2.92	137.40
Furnace oil	Litre	0.96	2.57	167.71

Import substitution projects like these should be given equal priority and concessions as export projects. If manufacturers are capable of increasing the production of these drugs by fully utilising the existing capacities, adding balancing equipment, modernising plants, improving the yields through new technology, increasing the productivity of employees, they should be encouraged. Even if import substitution projects fall under the category of 'substantial expansion', these should be cleared as exceptional cases on priority basis by the authorities concerned. Unfortunately, many proposals for expansion do not fructify due to policy constraints, procedural delays and wrangles over technicalities which should be avoided at all levels in order to encourage import substitution.

It is an economic reality that production of bulk drugs is capital intensive. Production increase can be achieved at far less expense at existing sites where infrastructure, effluent control facilities etc. are already available. It is, indeed, unrealistic and unfair to ask manufacturers to move to a new site or greenfields where they would be compelled to employ additional labour, spend large sums of money to erect a new plant, set up additional infrastructure and effluent control measures. In the light of this, surely it would be impractical to expect manufacturers to increase production and at the same time keep the prices low. The Government has to weigh carefully the advantage of such expansions, vis-a-vis expansions at the existing site.

There is no difference of opinion between the government and the industry on the objectives, but the current policies and strategies of the government are inconsistent with the objectives.

The new drug policy does not encourage investment and production. In effect it does not provide for optimum utilisation of the country's productive potential in drugs. This has progressively and significantly pushed up the country's import bill. The policy is crippling a vital industry. Another look at the policy is imperative and long overdue. In this year of productivity, we need a drug policy that encourages growth, more production and greater availability of drugs and medicines to the consumer.

●

Gas. Slurry. Chemicals. Effluents. Water.
You name it...

HASTI HDPE PIPES
are ideal for anything that flows.

Multi-purpose
Hasti HDPE Pipes are:

- Chemically inert: they don't rust or corrode.
- Light: they are more economical and easy to transport.
- Flexible: they can be laid easily over rugged terrain, under water, across marshes, etc.
- Longer-lasting: they need no maintenance and last for at least 50 years.
- Tough: they have high flexural and impact resistance.

Hasti Pipes—the ideal piping system for all applications.

Hostalen

PIL **POLYOLEFINS INDUSTRIES LIMITED**
Mafatlal Centre, Nariman Point, Bombay 400 021.

CHAITRA-PIL-61

DRUG INDUSTRY

High cost of controls and regulations

By Arvind Nair

THE pharmaceutical industry, like several other industries in the country today, is suffering from the side-effects of an over-dose of controls and regulations administered to it in the sixties and seventies. The debilitating effects of these bitter pills have manifested themselves in several ways, with even some of the leading companies in the industry showing unmistakable signs of incipient sickness.

Controls on this vital industry have a direct bearing on its future growth and development. This article seeks to examine the impact of controls on the pace and pattern of development of the pharmaceutical industry.

The Sixth Plan 1980-81 to 1984-85 envisages a spectacular growth for the pharmaceutical industry during the plan period. Demand projections and estimates worked out by a Working Group of the Ministry of PC&F, the administrative ministry concerned with the pharmaceutical industry, have given some quantitative dimensions to this growth.

An idea of the magnitude of the growth can be had from a comparison of the present position of the industry with the projected growth:

(Rs. crores)

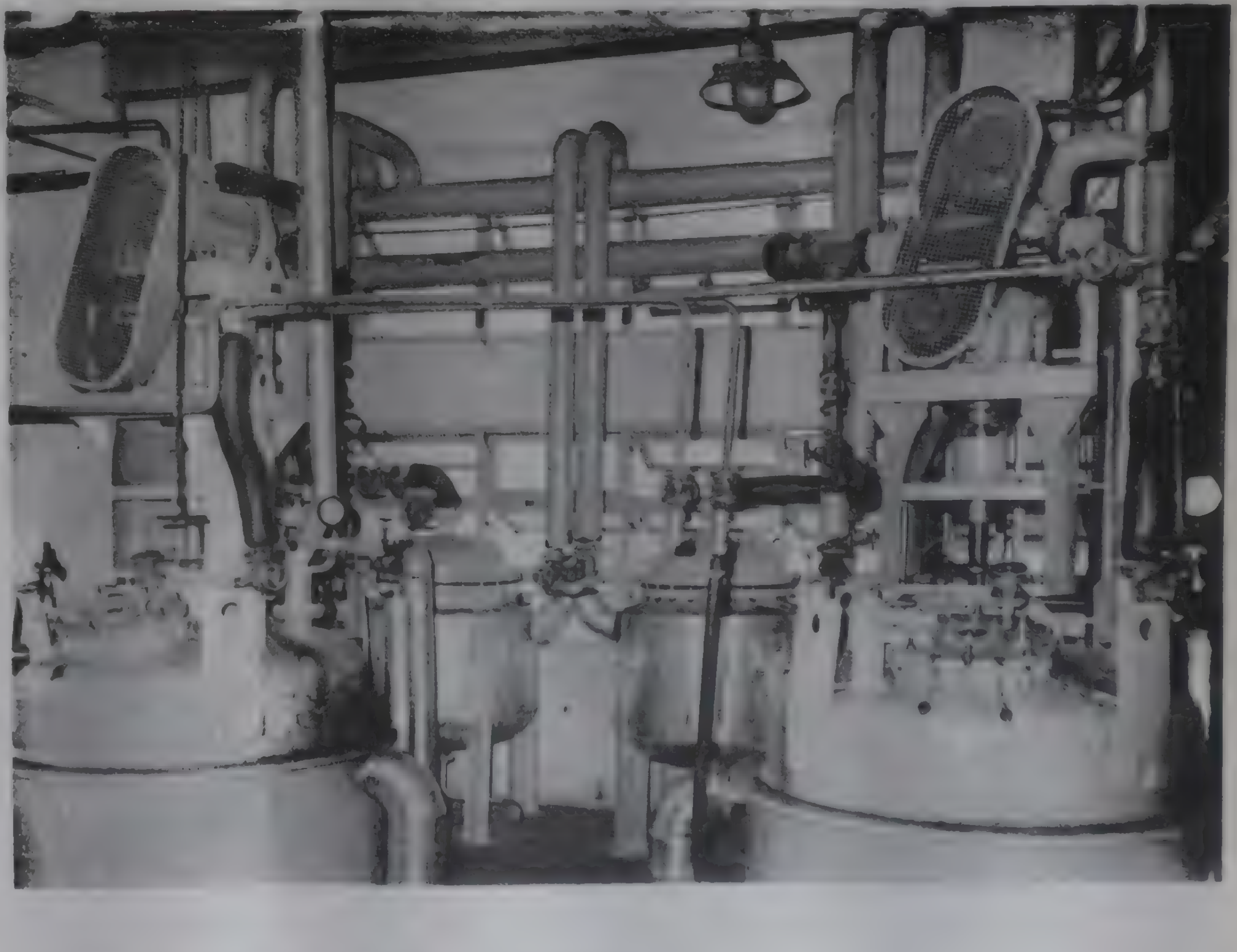
	Present position (1980-81)	Sixth Plan target (1984-85)
Investment	450	775
Production:		
Bulk	240	665
Formulations	1,200	2,450
Import	150*	150
Export	30	60

It is obvious that the industry is expected to grow in five years just as much as it did in the past thirty years. In terms of resources, effort and planning, this is a formidable challenge. The targets in themselves and in relation to the present status of the industry may appear far too ambitious but, measured against the needs and requirements of the country, they are the minimum necessary.

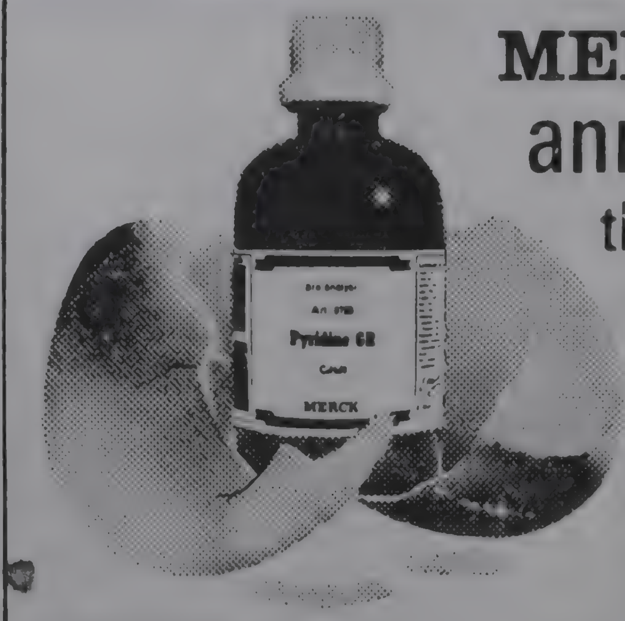
It is in this context that we should consider the existing controls and regulations in the industry. Such an exercise is essential because the task is so formidable that all avenues to accomplish it as quickly as possible should be explored. Past experience is a good guide for planning future policies and strategies. Of course, reasonable and practical men can, and often do, differ on the means and methods of achieving the objectives even if there is broad agreement about the objectives themselves. Indeed, any subject as complex and as significant to society as health care or increasing production of essential drugs and making them available at reasonable prices to all our people will be approached by different people in different ways, depending upon their philosophical perspective, their political ideology and their economic self-interest. There is bound to be differences of opinion, controversies and, indeed, compromises as we go along. But the important point is that any rational discussion must be based on facts, past experience and should be guided by our objectives for the future. Unfortunately, the pharmaceutical industry operates in a field where myths are numerous and long-lived, and where irrational attitudes and emotional reactions tend to overshadow rational thinking and objective evaluation of facts and experience.

Controls galore

It is not so widely realised as it should be that the pharmaceutical industry is one of the most — perhaps the most, tightly regulated and controlled industries in the country. Indeed, nowhere has the phenomenon of the regulatory overskill been more evident than in this industry. There are no less than six ministries and departments at the Centre concerned with the control and regulation of the pharmaceutical industry. These are (1) the Ministry of Petroleum, Chemicals &



Vitamin B12 Cyanocobalamin: Fermentor


Pyridine GR
MERCK

MERCK
announcing
the introduction
of their
extensive range of
guaranteed
reagents

For your requirement of laboratory
chemicals and reagents please write to us.

MERCK business with a conscience
E. Merck (India) Limited
SHIV SAGAR ESTATE 'A', DR. ANNIE BESANT ROAD, WORLI, BOMBAY-400 018.

MERCK DARMSTADT
MERCK INDIA

T. PAS/Emc/2R A

with
compliments
from
PARKE-DAVIS
Pioneers in better medicines

Fertilisers dealing with new drug policy, prices and profits, bulk/formulations, sectorisation, high/low technology, raw materials and licensing, (2) Ministry of Health exercising control over existing drugs, new drugs, clinical trials, health registrations, quality and standards under the Drugs Act & Rules, (3) Ministry of Industry under which falls location, IDR Act & BICP, (4) Ministry of Commerce which is concerned with import/export control, trademarks (brand name) and patents and canalisation, (5) Ministry of Finance which handles investment policies, FERA, customs/excise duties and coporate taxation and (6) Ministry of Labour dealing with labour legislation and bonus. In addition to these, there are controls, regulations and legislations to enforce them at the State level which vary from State to State.

This multiplicity of controls and regulations and enforcing agencies inevitably result in long delays in decision-making at every stage, at every point of control. The cumulative impact of such delays is staggering in terms of slow-down in the pace of growth and consequent loss of production, employment and revenue to the national exchequer. Clearly, there is urgent need to simplify and rationalise these controls and, perhaps, to move away from a period of excessive controls to an era of vigorous and healthy growth.

It is not suggested that all controls and regulations are unnecessary or unproductive. In a country such as ours plagued by poverty, limited resources and perennial shortages of essential commodities and services, some controls (for example, those on quality and safety of drugs) are necessary and in the public interest. The industry should welcome such controls. But need controls be so numerous, so pervasive, so detailed and inflexible? Controls have a habit of perpetuating themselves and, beyond a point, they tend to become counter-productive and defeat their very purpose.

Let us look back upon how the industry in our country has developed and the dynamics of its growth. The advent of economic planning in the country, with its stress on growth with social justice, led the national government to plan for a rapid but orderly and integrated growth of industry, including the pharmaceutical industry. The Industires (Development and Regulation) Act, 1951 was designed to achieve this end. While the concept of the public sector was mooted with a view to playing a commanding role in economic development, an efficient, competitive private sector was considered essential in the national interest. The national policy also recognised the need for and the importance of foreign private investment and technology for the country's rapid industrialisation, assuring foreign investors of non-discriminatory treatment.

Three time-slots

In fact, the history of development of the industry since Independence falls neatly into three time-slots, each covering three distinct periods. First, the early years upto 1962 — a period characterised by dynamic growth and diversification. Second, 1963 to 1977 — a period marked by suspense and uncertainty in regard to policies concerning the industry. Third, 1978 to 1980 — the period after the announcement of the new drug policy and the new drugs prices control order.

The imaginative and pragmatic policies followed in the first period had a healthy influence on the growth and development of the industry as a whole — in the large, medium and small scale sectors. It was the growth and diversification achieved during these years that laid the foundation for the future growth of the industry and put the Indian pharmaceutical industry firmly on the world pharmaceutical map and earned the country the distinction of having the most advanced pharmaceutical industry among the developing countries, according to worldwide survey of the "state of the arts" in the pharmaceutical industry by the United Nations Industrial Development Organisation (UNIDO).

However, the dynamic growth of the pharmaceutical industry came to a halt in the second period commencing from 1962, when the Chinese aggression took place and the government first introduced price control on the industry. There followed, in the succeeding years, a plethora of committees and sub-committees, commissions and panels appointed to go into the same or similar aspects again and again or to study them each separately without an integrated approach. The controls and regulatory measures that resulted from these not only created uncertainties but also inhibited growth by delays in decision-making and in implementing the decisions already taken. The impact that the inquiries and recommendations of these various committees, commissions and panels had on government policy and consequently on the development of the industry as a whole has been far-reaching. But let us confine ourselves to two main areas namely: licensing and production controls, and price and profit controls.

Licensing and production controls

As a result of the various suggestions made by the diffeent panels of inquiry, committees and commissions, the concept of industrial licensing in the drug industry took a rather rigid turn over time. It also spawned an artificial division of the industry into different sectors — public, Indian and foreign — for the purpose of licensing. Thus the industry, which was hitherto functioning in unision for mutual benefit and in the national interest, was fragmented into sectors, with one sector pitted against the other.

The advent of the public sector undertakings and the commanding position assigned to them marked an important milestone in the development of the Indian drug industry. Licensing and production priorities came to be determined on the basis of encouraging the public sector first, the Indian private sector next and the foreign sector last, regardless of considerations of economic and technical feasibility and the capability of the units concerned. This philosophy persisted right through the seventies, and would appear to have firmly entrenched itself in the government's present drug policy. The policy of sectoral reservation of areas of drug production, however, far from promoting the total growth of the industry, has only slowed it down. The paradox has been that while the sectors or units to whom licensing priorities have been assigned, have, over the years, not been able to increase production, units in organised sector, on whom licensing and production constraints have been stringently laid, have fully utilised their capacity and increased production. As a result of this policy the country has suffered a production loss which it could well have avoided. An official review of the implementation of industrial licences and letters of intent issued to the drug industry revealed the startling fact that 45 industrial licences and 44 letters of intent covering 143 bulk drugs issued to

OXYPHENBUTAZONE I.P.

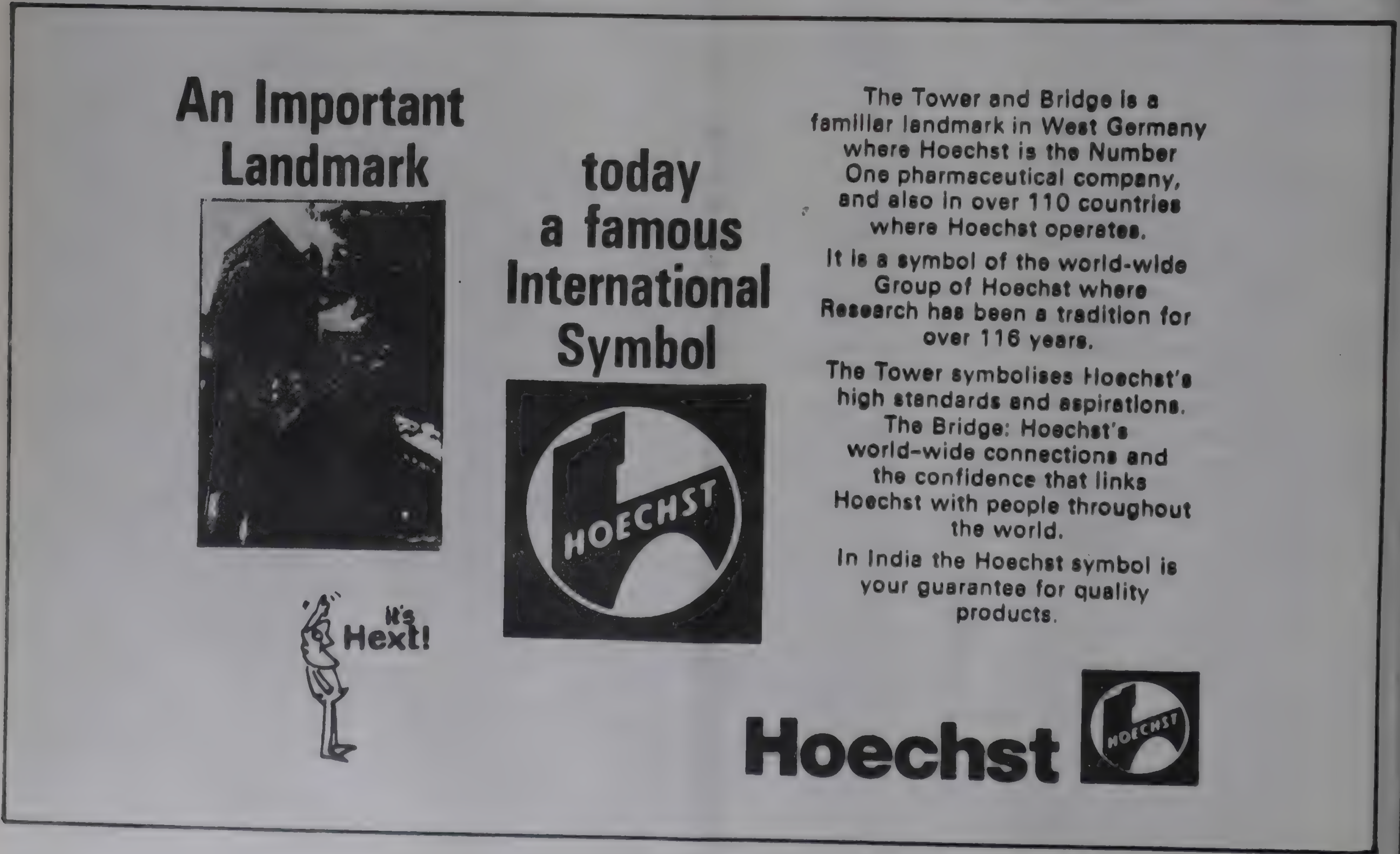
❋

ACKNOWLEDGED PIONEERS & LEADING MANUFACTURERS

GAURI FINE CHEMICALS

T/140, M.I.D.C.,
BHOSARI,
PUNE-411 026

Phone : 82789 Cable : GAURI TLX : 450



An Important Landmark

today a famous International Symbol

The Tower and Bridge is a familiar landmark in West Germany where Hoechst is the Number One pharmaceutical company, and also in over 110 countries where Hoechst operates.

It is a symbol of the world-wide Group of Hoechst where Research has been a tradition for over 116 years.

The Tower symbolises Hoechst's high standards and aspirations. The Bridge: Hoechst's world-wide connections and the confidence that links Hoechst with people throughout the world.

In India the Hoechst symbol is your guarantee for quality products.

It's Hext!

Hoechst

54 units during the five-year period 1972-1977 remained unimplemented. Of these 143 bulk drugs, more than one-third, were licensed to the public sector units.

This inevitably resulted in production, particularly of major bulk drugs, not keeping pace with the increasing demand. Thus, drug imports, which were of the order of Rs. 18 cores in 1969-70, rose nearly seven-fold to Rs. 113 crores (c.i.f. value) in 1980-81. At the same time, the drug exports tended to stagnate around Rs.25—30 crores since 1976-77. A particularly disturbing feature of imports is that several of the bulk drugs being imported are manufactred in the country but local production is inadequate to meet the demand. As much as a third of the bulk drug imports could be avoided within a time-frame of 18-24 months if the companies producing them are allowed to expand production.

Price and profit control

This brings us to another serious aspect *viz.* price and profit control. The industry has been under price control for almost two decades now. And, since 1970 a three-tier system of control has been introduced under which not only bulk drugs but formulations are also controlled. On top of this, the overall profits are also controlled.

As a result of the control on prices and the simultaneous sharp and continuing escalation in the costs of raw materials, packing materials and other inputs, services and utilities, the profitability of the industry has sharply declined. An analysis of the published sheets of 18 public limited pharmaceutical companies showed that although their sales in 1980 increased by 8.7 per cent over 1979 profit before tax sharply declined by 26.5 per cent. Profit after tax, as a percentage of sales, also came down to 7.8 per cent in 1980 against 11.5 per cent in the previous year. These 18 companies together accounted for about 50 per cent of the entire production of the organised sector of the industry.

The decline in the profitability of the industry has had its impact on investment as well, during the post-DPCO period, as compared to the pre-DPCO period. Thus investment in the industry declined from Rs. 19.1 crores during the pre-DPCO period 1963-69 to Rs. 8.7 crores during the post-DPCO period, 1970-73. In fact, several studies conducted since the imposition of the DPCO 1970 pointed to a progressive deceleration on investment in the industry, on account of dwindling profitability. In more recent years, there has been no new investment based on self-generated resources in the industry.

The industry's opposition to price control as it is operated today is based mainly on two counts. First, pricing scheme laid down in the DPCO 1979 is absolutely unrelated to the industry's growth requirements envisaged in the new drug policy. In other words, while the new drug policy wants the indsutry to grow fast, the pricing policy does not provide for the wherewithal to grow. Second, the pricing scheme is unworkable in practice and is riddled with contradictions and rigidities. The mark-ups envisaged for Category I and II drugs are totally unremunerative. The retention and pool prices will create confusion and put a premium on inefficiency. The concept of leader prices is arbitrary and unfair. The drug price equalisation account is not in line with the new drug policy. The defects and deficiencies of the DPCO 1979 are indeed innumerable but let us consider one aspect of it which directly impinges on the growth prospects of the industry — its effect on the industry's profitability which determines its ability to finance future growth and expansion.

Impact of price-profit control

The devastating impact of the DPCO 1979 on the profitability of companies was revealed by a sample survey conducted by the industry. The survey which covered 11 companies with a total turnover of Rs. 230 crores showed that, if the mark-up prescribed in the DPCO were applied to the existing products and taking into account the current costs, profit before tax on sales turnover of these companies will drop sharply from Rs. 19.89 crores (8.2 per cent of sales turnover) to Rs. 78 lakhs or (0.32 per cent of sales turnover). Out of the 11 companies, 6 will go into loss while the other 5 will have a very negligible profit ranging from 0.7 per cent to 4.6 per cent of turnover. When the DPCO itself envisages certain profitability levels ranging from 8 per cent to 13 per cent on sales turnover, it is necessary that prices are so fixed that the units are able to reach the profit level they are entitled to.

The issue involved in drug pricing is really simple. The price has to be reasonable in relation to the cost of production; it should be so fixed as to assure a fair price to the consumer and, at the same time, provide adequate resources for the industry to grow and meet the expanding drug needs of the people.

Let us look at the drug price question from this point of view. What kind of a pricing policy will meet this objective. There is no doubt that the drug industry has an excellent record of growth and development and it needs to grow even faster in the future. It is also undeniable that in recent years the industry has not been able to maintain its growth momentum due to uncertainties, indecision and negative Government policies. Since the seventies the industry's profits have sharply declined and new investment is conspicious by its absence.

In order to enable the industry to develop it is imperative that it must have adequate incentives to grow. The kind of strait-jacket into which the industry has unfortunately been placed today—whether in pricing or in other areas —should be identified and removed to stimulate its growth. At the same time, the consumer must also get a fair deal.

Drug prices

Drug prices in India are not high as compared with prices in other countries or the cost of production of drugs in the country. But they are high in relation to the purchasing power of the vast majority of our people who are poor. A way, therefore, has to be found to bring drug prices within the reach of the ordinary citizens. This can only be achieved through vastly increased production, better efficiencies and economies of scale and general cost reduction. The real test of any Government policy is how far and to what extent it encourages these very necessary trends.

The question of drug prices has always been viewed in our country, as elsewhere, from emotional rather than rational standpoints. Drugs are among the very few commodities, the prices of which have risen the least at a time when price increases and shortages of esential commodities have become a common feature of everyday life. This has naturally made serious inroads into its profitability which has a direct bearing on the industry's abiliy to grow and finance its future growth and expansion.

PRESENT ACTIVITIES OF

WEST BENGAL PHARMACEUTICAL & PHYTOCHEMICAL DEVELOPMENT CORPORATION LIMITED

(A Govt. of West Bengal undertaking)
1 & 3, B. T. Maharaj Sarani, Calcutta-700 001.

Establishment of basic drug and drug intermediate manufacturing units. Drug & Drug Intermediates which are in implementation state are:

1) 8-Hydroxy-quinoline, Aspirin & Salicylic Acid.
2) Setting up a bulk drug complex at Kalyani to provide infrastructure to new entrepreneurs.
3) Manufacture of basic drugs such as Sulphamethoxazole, Gelatine Capsule etc. in the 2nd phase.
4) Establishment of a R & D-cum-Drug Testing Laboratory. Such a laboratory has already been set up with activities augmenting rapidly.
5) Cultivation of medicinal and aromatic plants. A massive cultivation of Java Citronella has already been started at Telipara Drug Farm, North Bengal. A new cultivation of Kallstromea at Kalyani has been started to get a cheap source of disgenin which is one of the basic raw materials for the manufacture of Steroids, Hormons etc.
6) Guidance to entrepreneurs for implementation of their projects.

For details, phone: 22-6355 • 22-7061 • 22-2782.

GLUCOFERROL

Delicious Vitamin-Mineral Tonic

With HONEY, a source of immense energy

Contains: Vit A & D, Thiamine, Riboflavine, Niacinamide,
Iron & Ammonium Citrate in Honey and Malt Base.

Highly effecacious in pregnancy, lactation and for growin children and convalescents.

GLUCONATE LIMITED

(A unit takenover by Government)
2, Durga Charan Doctor Lane, Calcutta-700 014.

The industry recognises that in today's conditions, total freedom from price control may not be feasible, although, given more production and greater competition, this could well be an alternative in future. The emphasis in government policy should, therefore, be on price *regulation* rather than on total, detailed *price control*. Government should examine the possibility of substituting selectivity in place of the existing rigid and restrictive controls. The new pricing proposals would control as much as 85 per cent to 90 per cent of production in a multi-product industry of tremendous variety. It is definitely preferable if, after laying down reasonably broad but clear and specific guidelines or policies, in the overall interest of the consumer and the growth and development of all sections of the industry, the industry is left free to concentrate on raising investment, increasing production and exports, improving quality and stepping up research and development rather than be stifled by too many controls as is the case today.

The present policy is unnecessarily detailed, and far too complicated and rigid. A close hard look at the policy is urgently called for. It is certainly not beyond the genius of experts in the Ministry and the Bureau of Industrial Costs and Prices, backed by over a decade of experience in the administration of drug pricing, to evolve, in consultation with the industry, a simple, workable pricing scheme that will meet the twin objectives of raising investment and production and ensuring prices that are reasonable to the producer as well as the consumer.

Inadequate growth

This scenario may give the impression that the industry's growth and development has not been significant. There is no doubt that the industry has achieved very substantial growth since independence. But the important point is: is this growth adequate? Could we not have grown faster with the resources, talent, expertise, experience and technology available in the industry? Have we fully utilised these valuable assets for the benefit of the country? Current production of drugs in the country is Rs. 1,200 crores in 1980-81. Although this is 120 times the production in 1948 of Rs. 10 crores it accounts for less than 2 per cent of the world production of pharmaceuticals estimated by UNIDO at $ 83,530 million in 1980. The share of the developing countries, including India, in this world total is 12 per cent or $ 9,560 million. In fact, evey tiny South Korea (a developing country) and Belgium (a developed country) rank ahead of India in pharmaceutical production. Brazil and Mexico, which are bracketed with India in terms of technological development, account for twice and 1½ times respectively of drug production in India.

No one will plead for total freedom from controls and regulations or for unbridled enterprise in the pharmaceutical industry. Like every other industry, the pharmaceutical industry is caught up in the powerful cross-currents of social, economic and political change and ferment. Unfortunately or fortunately, the industry is placed in the sensitive area of health care. Its operations will, therefore, be fundamentally affected by the government's and society's desire to ensure that everyone, irrespective of his income level or ability to pay, gets the benefit of modern health care and medicines. This will involve enormous expenditure, require major restructuring of our health care system and the financing of health care and will obviously enlarge the demand for modern medicines as well. At the same time, what the society and the government pay for they will unquestionably want to control.

This is fair enough. Since government controls and regulations can determine and direct the entire thrust of business and industry, imposing restrictions on or shifting the emphasis of research and development, production, distribution, marketing and finance, etc., we should carefully select the type of controls we want to have. Only those controls that help subserve the large national objectives of promoting growth, larger and more efficient production, improving quality, stepping up R&D and strenghtening our competitive position in world markets should be retained. Several of the controls and regulations on the pharmaceutical industry in force today will not measure up to this yardstick. It is time for us to have a critical look at them in the interest of faster growth and development.

Shaping nature
to human benefit

Wyeth in India are the pioneers in the field of basic manufacture of corticosteroids. For over a decade Wyeth's sophisticated laboratories have been producing life saving drugs from completely indigenous source "Dioscorea deltoides"—an ancient Indian herb—habitat of himalayan foothills. The dedicated and continuous research at Wyeth in the areas of technology, chemistry and biology has helped in saving the country's scarce resources of foreign exchange

Wyeth
WYETH LABORATORIES LIMITED
Apeejay House, Dinshaw Wacha Road Bombay 400 020

UNIQUE GROUP

UNIQUE PHARMACEUTICAL LABORATORIES
UNIQUE CHEMICALS
(Prop. J.B. Chemicals & Pharmaceuticals P. Ltd.)

FOR YOUR REQUIREMENT OF:

2-METHYL IMIDAZOLE — CRUDE AND PURE
2-METHYL 4 (OR 5) NITRO IMIDAZOLE
METRONIDAZOLE U.S.P./B.P.
PROPRANOLOL HYDROCHLORIDE U.S.P./B.P.
METRONIDAZOLE BENZOYL OXYLATE
OXYPHENBUTAZONE U.S.P./B.P.

Please contact:

UNIQUE CHEMICALS
(Prop: J.B. Chemicals & Pharmaceuticals P. Ltd.)

OFFICE: Tel-392881/2
Sheth Govindrao Smriti
83 B&C Dr Annie Besant Rd.
Worli,
Bombay 400 018

FACTORY: Tel-591731
Plot P-10
Shiv Mahape
P.O. Gansoli
District Thane

Cable: DOCTORSAID
Telex: IFIUNIK 5569

Need to set up bulk drug units in Eastern India

By Diptish Chakravarthy

SINCE the last few decades the pharmaceutical industry has had a phenomenal growth in India, both in bulk drug and formulations. Production of bulk drugs in 1977-78 was Rs 164 crores, which is supposed to reach Rs 665 crores in 1984-85. Similarly, during those years formulation production was Rs 900 crores, and Rs 2,450 crores, respectively. It is said that currently per capita consumption of drugs in India is Rs 14 per annum. The above figures will highlight the fact that there is tremendous possibilities of growth of pharmaceutical industry in the country.

However, it is difficult to predict what will be the contribution from eastern India to this. In the past, the industry developed at a very rapid space in Western India, while it remained almost stagnant in the East.

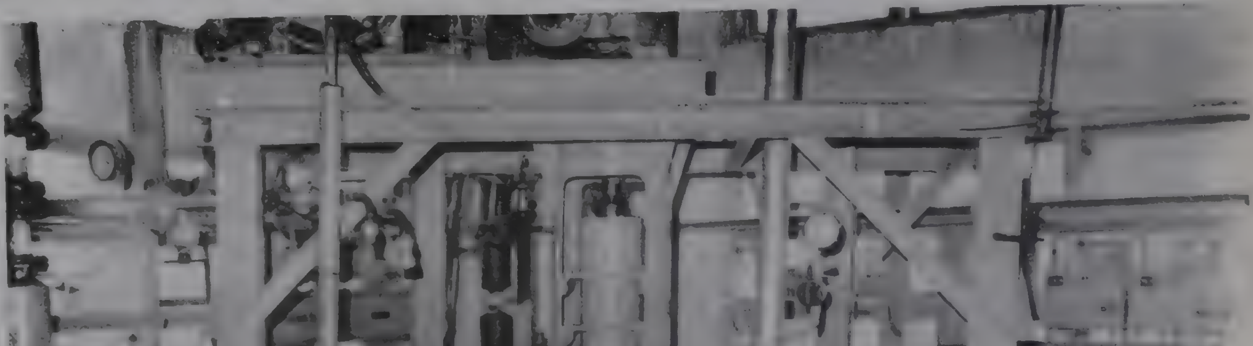
In bulk drug production, the main thrust was by the IDPL which located their units in northern and southern regions,whereas HAL started its unit in a small way in the west. In that sense eastern India did not have the lead. As regards the private entrepreneurs, they preferred western states to other regions. This was the initial set-up as regards to the bulk drug production. Subsequently, large and small business houses showed interest in bulk drug production, though profit-wise it is not a lucrative venture. In the last decade many entrepreneurs were able to identify, locate and procure technologies from foreign countries for bulk drugs and most of those factories will be located in the western states. In the south also, a few units have started bulk drug production. However, when the situation in eastern India is considered, the picture is very discouraging.

It may be argued that there is no specific disadvantage in eastern India which may work as a disincentive to entrepreneurs to constitute bulk drug units here. There is a vast potential for both bulk drugs and drug intermediates production, which will be evident from the fact that bulk drugs worth Rs 112 crores were imported in 1980-81 and there are more than 90 drug intermediates which are currently imported.

The bulk drug units work as catalyst for the pharmaceutical formulation units. If the bulk drugs are to be carried from long distance, it pushes up the cost of formulation. Though quite a number of formulation units were started in eastern India, they are mostly in small-sale sector. Though it is easier to produce formulations, the growth is mainly dependent on the marketing efficiency. The concept of marketing of pharmaceutical formulations is outdated. Modern techniques of marketing must be adopted for sustained sales. Small units, in most cases, have financial constraints, which prevent them to have a modern marketing set-up. It is desirable, therefore, that such constraints should be avoided and only those who can afford such expenses should venture in this field. The efficient financial management by professional managers is another factor which needs careful consideration. The overall management of such units by professional personnel can only help the growth of pharmaceutical units which is at present not visible.

It may, therefore, be concluded that unless the entrepreneurs take the initiative to set up bulk drug units in eastern India, the future is very bleak. As regards the formulation units, those which are situated in eastern India can compete and grow, like others in western India, if the modern marketing techniques are adopted, proper financial management by professionals is followed and the overall management is in the hands of professionally qualified managers.

Mr Chakravarthy is the chairman and managing director of West Bengal Pharmaceutical and Photochemical Development Corporation ltd.,



Vitamin B12 Cyanocobalamin: Fermentation - culture preparation

Drugs: are we planning for shortages?

Are we in some danger of drug production falling short of demand? Let us examine the trends.

The Government estimates the country's requirement of bulk drugs in 1982-83 at Rs. 625 crores. This is to be met by production within the country (Rs. 475 crores) and imports (Rs. 150 crores).

The production of bulk drugs today is about Rs. 200 crores. Considerable expansion has to take place if the target of Rs. 475 crores is to be met.

The Government's present policy is likely to achieve the exact opposite.. Several companies are to be asked to curtail output.

If this is persisted with, production targets will not be met. The gap between production and demand will widen. There will be more shortages.

Our import bill will then go up further. This is in spite of expertise and experience available to produce these bulk drugs within the country.

Cut in production when the need is to increase production:

When more production of drugs is the paramount need, we have the anomaly of drug companies being asked to curtail production. This stems from the Drug Policy announced in early 1978 under which companies whose production exceeded the licensed capacity are to peg their output at the highest level achieved in the three years prior to March 1977.

The Drug Policy is being implemented in 1980. The spirit of the policy demands that a production freeze, if still deemed necessary, should be at the highest level in the three years prior to 1980. This would take into account the normal growth in production brought about by improved processes and practices.

If several units in the industry have to go back to 1977 levels of production, a cut-back of up to 25 per cent in bulk drugs and drug formulations is likely. The current output of formulations is around Rs. 1000 crores. This may shrink to Rs. 750 crores. Which means that Rs. 250 crores of production will just not be available to consumers. There will be further shortages, necessitating more imports.

We can easily make the drugs we are now importing:

Imports are already showing an alarming trend upwards. They rose from Rs. 82 crores in 1976-77 to Rs. 147 crores in 1977-78 (landed cost). With better planning we can cut down our import bill.

Drugs we can easily make in our country are being imported

1978-79 import of major bulk drugs which are also indigenously manufactured

Bulk Drug	Unit	Production	Imports	
			Qty.	Value (Rs. lakhs)
1. ANTIBIOTICS				
Streptomycin	Tonnes	225.0	76.1	280.1
Chloramphenicol	,,	95.0	38.5	117.5
Tetracycline	,,	244.0	96.5	233 0
Ampicillin	,,	10.3	92.0	584 6
				1215.2
2. SULPHAS				
Sulphamethoxasole	Tonnes	22.0	61.9	143.9
3. ANTI-MALARIAL				
Chloroquin	Tonnes	45.0	304.0	791.0
4. ANALGESICS				
Aspirin	Tonnes	1303.0	319.4	47.3
Oxyphenyl Butazone	,,	25.0	14.1	42.9
Amidopyrin	,,	16.0	95.6	39.5
				129.7
5. STEROIDS				
Prednisolone	kg	1070 0	869.0	69.2
6. VITAMINS				
Vitamin A	MMU	60.0	15 0	39.4
Vitamin B_1	Tonnes	29.0	78,710 0 (MU)	201.9
Vitamin B_2	Tonnes	7.0	28,338.0 (MU)	109.7
Vitamin B_{12}	kg	165.0	190.0	55.1
				406 1
		GRAND TOTAL		2755.1

SOURCE: *Production figures:- Annual Report of the Ministry of Petroleum, Chemicals & Fertilizers, for 1978-79*
Import:- Data compiled by the Directorate General of Health Services, Ministry of Health

The table alongside shows figures of some major bulk drugs imported in 1978-79. It is clear from the table that these drugs are already being produced here. The know-how, the experience and the capability are all available within the country. Yet we are importing these drugs because the existing units are not allowed to expand.

If the objection is to expansion by companies in India with foreign capital participation, how does one justify imports from totally foreign-owned companies abroad?

Today the position is that with all the licences issued put together the production targets set for 1982-83 cannot be met. It would seem that we are planning for shortages.

The issuing of a licence does not automatically ensure production. Monitoring of the progress of licensed units alone will reveal whether the licences are being "converted" into production.

The non-availability of imported raw materials is a major constraint on several units. Government allocations are not need-based and fall short of requirements. The question comes up again: are we planning for shortages?

The policy now being followed has to be viewed against the needs of the country. The Planning Commission has laid down production targets for the Sixth Plan. India is a signatory to the Alma-Ata declaration affirming the goal of primary health care for all by 2000 AD and medicines are a part, however small, of this long-term objective.

Our per capita availability of modern medicines was only Rs. 11 in 1976-77, compared to Rs. 79.2 in Venezuela, Rs. 54.9 in Brazil, Rs. 31.5 in Argentina, Rs. 27.6 in Egypt, Rs. 17.1 in the Philippines, Rs. 15.3 in Thailand and Rs. 12.6 in Pakistan.

Yet we are wasting a valuable national asset—production capability already existing within the country. A more forward-looking policy is urgently called for. We ought to plan for plenty, not for shortages.

Issued in the public interest by
ORGANISATION OF PHARMACEUTICAL PRODUCERS OF INDIA
Cook's Building, Dr. D.N. Road, Bombay 400 001

Pharmaceutical industry: *A statistical profile*

By MISS. J.K. KOCHHAR

Number of licensed drug manufacturers

	1969-70	1977-78	1979-80
STATES			
Andhra Pradesh	172	232	274
Assam	12	28	N.A.
Bihar	39	198	119
Gujarat	140	298	375
Haryana	*	78	96
Himachal Pradesh	9	13	18
Jammu & Kashmir	5	12	17
Karnataka	56	94	105
Kerala	52	86	128
Madhya Pradesh	109	210	219
Maharashtra	736	1956	2135
Meghalaya	—	2	2
Nagaland	—	—	—
Orissa	24	90	95
Punjab	106	80	92
Rajasthan	51	82	143
Tamil Nadu	199	333	442
Tripura	4	5	8
Uttar Pradesh	198	352	N.A.
West Bengal	255	523	679
UNION TERRITORIES			
Chandigarh	—	5	7
Dadra & Nagar Haveli	—	4	2
Delhi	81	113	149
Goa, Daman,Diu	8	35	35
Pondicherry	2	14	16
Mizoram	—	358	—
TOTAL	2257	5201	5156

* Included in the figure for Punjab

Source: All India List of Licensed Drugs & Cosmetics Manufacturers compiled by the Drugs Controller (India), Directorate General of Health Services, Government of India.

Investment—total

	(Rs. crores)
1952	24
1962	56
1967	150
1971	200
1973	225
1975	250
1977	450*
1980 (Est.)	500*

* Including equity, reserves and long-term loans

Investment—sectorwise

	1977-78 (Rs. crores)
Public sector	146
Indian sector	109
Foreign sector	195
TOTAL	450

Production—formulations

	(Rs. crores)
1947-48	10
1965-66	150
1973-74	380
1977-78	900
1978-79	1,050
1979-80	1,150
1980-81	1,200
1981-82 (Est.)	1,300

Production—bulk drugs

	(Rs. crores)
1965-66	18
1975-76	130
1977-78	164
1978-79	200
1979-80	226
1980-81	240
1981-82 (Est.)	275

Import substitution

(Rs crores)

	Imports	Production	Imports as % of production
1974-75	35	408	8.6
1976-77	54	700	7.7
1977-78	82	900	9.1
1978-79	95	1,050	9.0
1979-80	94	1,150	8.2
1980-81	112	1,200	9.3

Production of bulk drugs—sectorwise

(Rs. crores)

	1979-80		1980-81	
Public sector	59	26.0%	63	26.3%
Indian sector	90	40.0%	98	40.8%
Foreign sector	53	23.4%	53	22.1%
Small scale sector	24	10.6%	26	10.8%
Total	226	100.0%	240	100.0%

Production of formulations—sectorwise

(Rs. crores)

	1979-80		1980-81	
Public sector	72	6.3%	80	6.7%
Indian sector	778*	67.7%*	790*	65.8%*
Foreign sector	—	—	—	—
Small scale sector	300	26.0%	330	27.5%
Total	1,150	100.0%	1,200	100.0%

* Indian & Foreign Sector

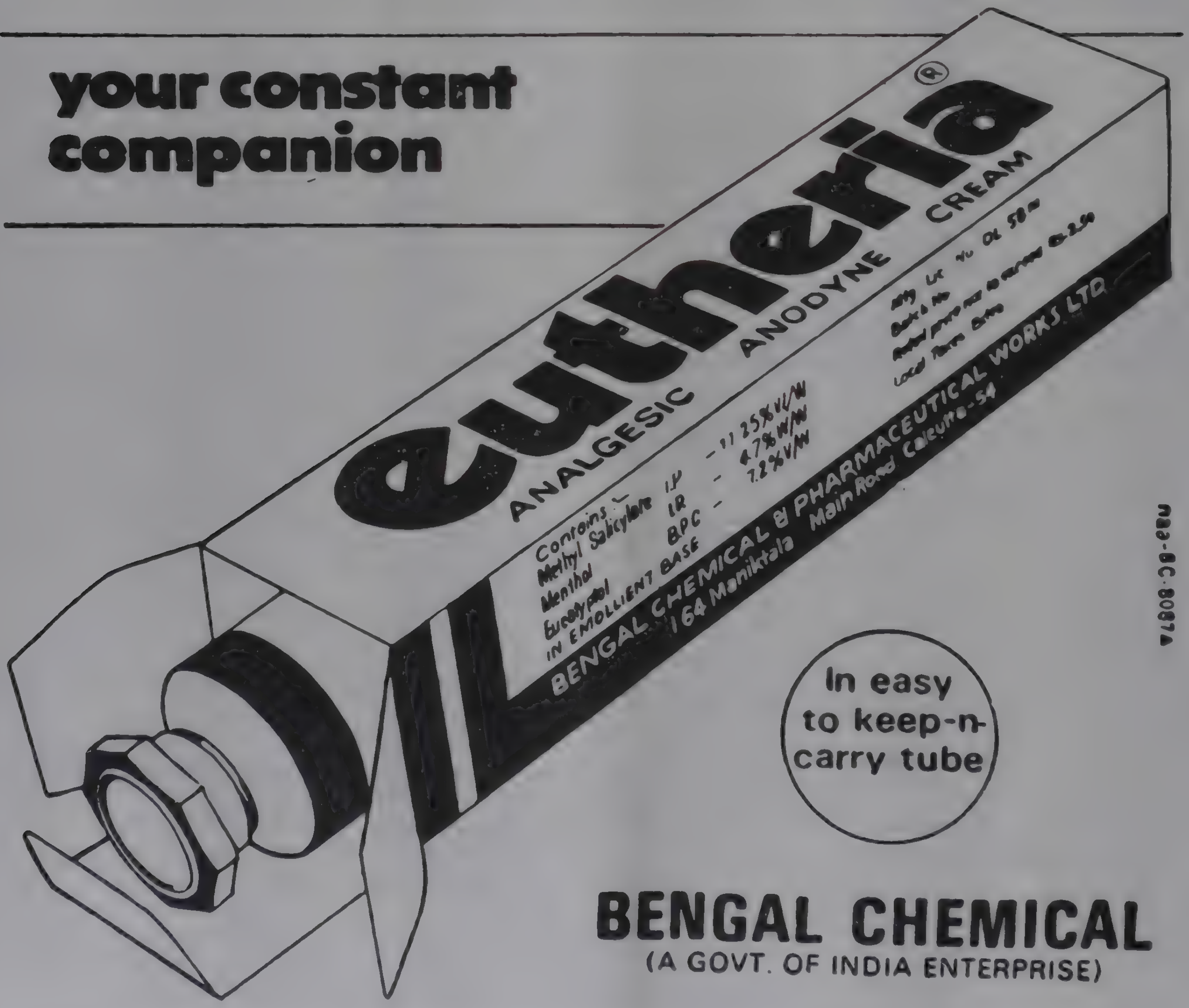
Source: Ministry of Petroleum, Chemicals & Fertilisers

Bengal Chemical's

eutheria® CREAM

pain killer – sprain healer

your constant companion


eutheria®
ANALGESIC ANODYNE CREAM
Contains
Methyl Salicylate I.P - 11.25% V/W
Menthol I.P - 4.7% W/W
Eucalyptol B.P.C - 7.2% V/W
IN EMOLLIENT BASE
BENGAL CHEMICAL & PHARMACEUTICAL WORKS LTD.
164 Maniktala Main Road Calcutta-54

In easy
to keep-n-
carry tube

BENGAL CHEMICAL

(A GOVT. OF INDIA ENTERPRISE)

uBa-BC·8087A

Exports

(Rs crores)

	Bulk drugs including quinine salts	Formulations	Total
	%	%	
1975-76	6.99 (30)	16.43 (70)	23.42
1976-77	8.11 (32)	17.12 (68)	25.23
1977-78	8.87 (35)	16.72 (65)	25.59
1978-79	12.40 (31)	27.18 (69)	39.58
1979-80	13.53 (41)	19.31 (59)	32.84
1980-81	11.28 (24)	36.23 (76)	47.51

R&D expenditure in the pharmaceutical industry

(Rs. crores)

1972-73*	5.86
1973-74*	6.28
1974-75*	7.29
1975-76*	8.00
1976-77†	10.50
1977-78†	12.00
1978-79†	14.75

* Handbook of Research & Development Statistics 1976-77, Department of Science & Technology, Government of India.

† OPPI Estimate

Index number of wholesale prices

	All commodities	Drugs & medicines
1970-71 (Base)	100.0	100.0
1975-76	172.9	118.7
1978-79	186.4	136.1
1979-80	212.3	135.2
1980-81	256.9	137.6

Sixth plan—revised targets

(Rs. crores)

	Position as in 1980-81	Sixth plan (1984-85) targets
Investment:	450	775
New investment envisaged	—	325
Production:		
Bulk drug*	240	665
Formulations	1,200	2,450
Imports:		
CIF	112	94
Landed cost	150	150
Exports	47.5	60.2

Sixth plan investment—sector-wise

(Rs crores)

	Bulk	Formulations	Total
Public sector	140	20	160
Foreign sector	45	5	50
Indian and small scale sector	90	25	115
TOTAL	275	50	325

Leading pharmaceutical markets — 1979

Country	Pharmaceutical sales (million US$)	% of the world market share
1. U.S.A.	11,360	17.6
2. Japan	8,790	13.6
3. W. Germany	5,000	7.7
4. France	4,330	6.7
5. Italy	2,380	3.7
6. U.K.	2,000	3.1
7. Brazil	1,890	2.9
8. Spain	1,570	2.4
9. Argentina	1,400	2.2
10. Mexico	907	1.4

Source: World Drug Market Manual — 1980-81

Top fifteen international pharmaceutical companies ranked in terms of sales—1980

	Million US $
1. Hoechst (W. German)	2,441
2. Bayer (W. German)	2,149
3. Merck Sharp & Dohme (USA)	1,896
4. Ciba-Geigy (Swiss)	1,829
5. American Home (USA)	1,651
6. Hoffmann La Roche (Swiss)	1,477
7. Sandoz (Swiss)	1,355
8. Pfizer (USA)	1,291
9. Warner-Lambert (USA)	1,163
10. Takeda (Japan)	1,188
11. Lilly (USA)	1,156
12. Bristol-Myers (USA)	1,151
13. BOEHRINGER INGELHEIM (W. German)	1,150
14. Smith Kline & French (USA)	1,065
15. Squibb (USA)	1,046

Source: "Scrip World Pharmaceutical News" December 21 & 24, 1981

C. M. A.

Chem-Med Analytical Laboratories
SAMPLES, ANALYSTS AND R & D CONSULTANTS

Undertake testing of

PHARMACEUTICALS, CRUDE DRUGS, COSMETICS, FOODS, FERTILIZERS, PESTICIDES, OILS, EFFLUENTS, MINERALS, ETC.

Some of Specialised Facilities available include:

*** INFRA RED SPECTROPHOTOMETRY * GAS CHROMATOGRAPHY. * BIOAVAILABILITY STUDIES (Blood Absorption Test in Human Volunteers)**

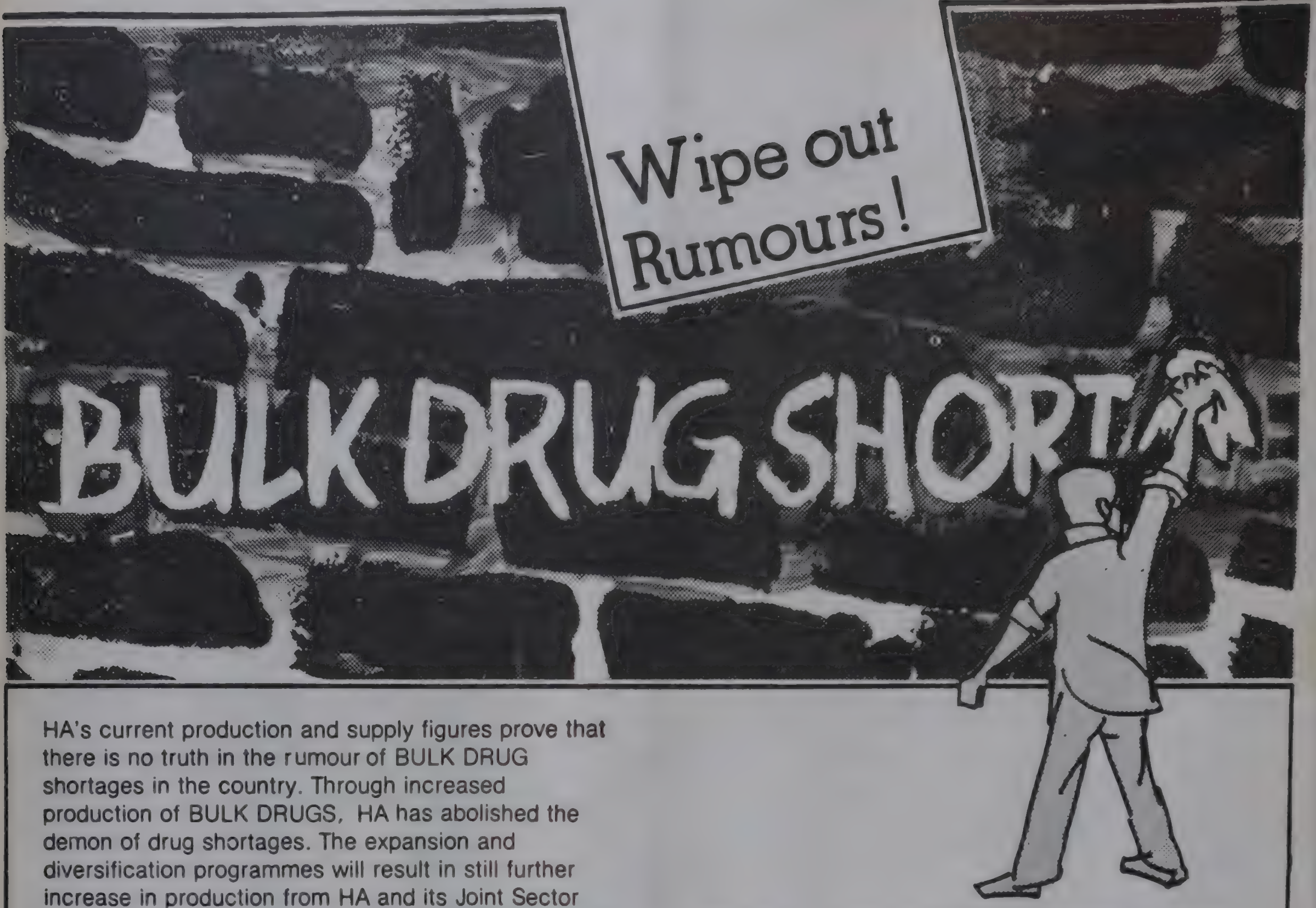
*** TESTS FOR MICROBIAL CONTAMINATION, IRON ABSORPTION HISTAMINE-LIKE (DEPRESSOR) SUBSTANCES, PYROGENS * TOXICITY TESTS FLAME PHOTOMETRY * T.L.C. Etc.**

Please Contact:

Phone: 377942

J. L. SIPAHIMALANI
B.Sc., B.Pharm. Hons. (London)
Ph. C., M.P.S. Mem. Societ.
Anal. Chem (London)

C.M.A. Laboratories
5-6-7 Kakad Estate,
Seaface Road, Worli,
Bombay-400 018.



HA's current production and supply figures prove that there is no truth in the rumour of BULK DRUG shortages in the country. Through increased production of BULK DRUGS, HA has abolished the demon of drug shortages. The expansion and diversification programmes will result in still further increase in production from HA and its Joint Sector units at Nagpur, Goa and Bangalore. The list of BULK DRUGS available ex-stock from HA is impressive:

- * BENZYL PENICILLIN SODIUM SALT I.P.
- * BENZYL PENICILLIN POTASSIUM SALT I.P.
- * PROCAINE BENZYL PENICILLIN I.P.
- * PENICILLIN G POTASSIUM I.P. FIRST CRYSTAL
- * PENICILLIN V POTASSIUM I.P.
- * BENZATHINE PENICILLIN G I.P.
- * AMPICILLIN ANHYDROUS I.P.
- * GENTAMICIN I.P.
- * STREPTOMYCIN SULPHATE I.P. (CPC allocation required) and
- * HAMYCIN too

Also available readily 38 FORMULATIONS

* HA's countrywide network of 150 distributors, stockists, dealers and 10 DEPOTS ensure continuous availability of the drugs in rural and urban areas.

And now through the same network we are introducing a large range of VETERINARY MEDICINES.

Besides, we offer the following BULKS and their FORMULATIONS for AGRICULTURAL use:

- * STREPTOMYCIN SULPHATE
- * STREPTOCYCLINE
- * AUREOFUNGIN

HA has the unique distinction of discovering and commercialising HAMYCIN, a powerful antifungal agent for human and veterinary use and AUREOFUNGIN, a powerful antifungal for plants.

Now HA has also started exports to the highly competitive world market.

HINDUSTAN ANTIBIOTICS LIMITED
(A Govt. of India Enterprise)
PIMPRI, PUNE 411 018

REGIONAL OFFICES:
* BOMBAY * NEW DELHI * LUCKNOW * CALCUTTA
* MADRAS * BANGALORE * COCHIN * JABALPUR
* PATNA * PUNE

BETTER DRUGS FOR MORE PEOPLE
AT LESSER PRICE

Padmaja

VADINAR: PORT WITH POTENTIAL

By Abhijit Doshi

INDIA has one of the longest coastlines of the world. Yet, the development of ports in India could hardly be regarded as adequate. There are many small ports along the Indian coastline which offer good potential for being developed into excellent ports. For a country complaining of transport bottlenecks, we have made only a limited use of the potential of these ports.

Vadinar, located near Jamnagar in Gujarat, possesses a good harbour with many natural advantages for being developed into a major port. At present, the harbour is being used as an offshore oil terminal. However, it is a happy augury that the question of developing it into a full-fledged port by constructing a cargo berth there is under the active consideration of the Union Government. The Sixth-Five Year Plan (1980-85) has provided rupees one crore for putting a cargo berth at Vadinar. A blue print has already been prepared for this purpose. However, the final green signal of the Union Government for the project has not yet been received with the result that the potential existing at Vadinar remains unexploited for the present. A good port could be developed here with the consequent benefits in terms of diversion of traffic from nearby ports. particularly those at Bombay and Kandla, and the resultant reduction in congestion at these ports.

History

The history of Vadinar port goes back to the early seventies when the Union Government was thinking of establishing a petroleum refinery somewhere in the northern region of India. While considering the various aspects involved in the issue, it found it necessary to create facilities for handling large oil tankers that would bring imported crude oil to the Indian shores. In 1973, New Delhi took the decision to install for the first time in India an off-shore oil terminal to handle very large crude carriers having a capacity of three lakh tonnes for the commercial unloading of imported crude oil. An expert committee was constituted to suggest suitable locations for the off-shore oil terminal. After considerations of all the aspects involved, the committee recommended that the oil terminal be located in the Gulf of Kutch where deep sheltered waters were available. The choice of the Gulf of Kutch was based on the fact that it provided a point of shortest distance from the countries of West Asia from where a sizable portion of our imported oil comes, as also the shortest shore-based point to the proposed refinery in the north.

In the deliberations that followed, Vadinar, located between the minor ports of Sikka and Salaya on the north coast of Saurashtra and situated at a distance of 35 km from Jamnagar, was found the most suitable point for the construction of the off-shore oil terminal, as it provided a good natural harbour with 35-metre deep waters. Vadinar also had the advantages for a port such as the absence of natural silting processs, reasonable tidal rise and a vast hinterland.

The task of providing infrastructure facilities was entrusted to the Kandla Port Trust which was the only near-by agency equipped with technical know-how and adequate man and material resources. In view of the nature of the oil terminal, a single buoy mooring and extensive pipelines were required to be installed. This task was entrusted to the Indian Oil Corporation.

The original project report, with an estimate for the development of infrastructural facilities amounting to Rs. 9.90 crores, was submitted to the Union Government in 1974. The administrative and technical sanction for the project was received in October 1975, with the target for commissioning the terminal being set at 1978.

In order to facilitate the work of the Kandla Port Trust the statutory port limits of the major port of Kandla were extended so as to include the off-shore oil terminal, Vadinar and surrounding areas. The off-shore oil terminal was commissioned on August 27, 1978 when the first oil tanker Netaji Subhash Chandra Bose carrying 88,000 tonnes of crude oil was received at Vadinar. The project is now nearing completion with a revised cost estimate of Rs. 15.59 crores.

Entrance to Vadinar Jetty

Dr Doshi heads the industrial division of the Commerce Research Bureau. He visited the port site recently.

Gujarat Ports
Gateway of the western India...

...to ship
your cargo

GUJARAT PORTS

THE FIRST AND OBVIOUS CHOICE FOR SHIPPING & SHIPOWNERS AT THE SERVICE OF TRADE, INDUSTRY & SHIPPING

- Direct berthing facilities and deep water anchorage
- Quick efficient and economic handling facilities
- Easy access for inward and outward cargo by rail & road
- Round the clock working

AND IN ADDITION

REASONABLE HANDLING COSTS
SELECT ANY OF THE PORTS FOR YOUR EXPORTS OR IMPORTS
FOUR ALL WEATHER DIRECT BERTHING PORTS

BHAVNAGAR

With water impounding basin. With lock gate having three berths.

OKHA

With three direct berths including oil and dry cargo berths, achieving record loading of bauxite at the rate of 4000 Tonne per day.

PORBANDAR

With a deep water berth of 235 metre providing 30′ draught; achieving record loading of cement import in paper bag at the rate of 2000 Tonne per day.

SIKKA

With direct loading berth including mid sea transhipment facilities.

- BEDI & NAVLAKHI ALL Weather deep water lighterage Ports
- VERAVAL-Deep water anchorage Port, developing as full fledged fishery harbour.
- Other lighterage ports like JAFRABAD, PIPAVAV (PORT VICTOR), MUNDRA, JAKHAU, SALAYA & MANDVI, cataring international trade and shipping.

For Detail Contact
DIRECTOR OF PORTS
Government of Gujarat
NEW CIVIL HOSPITAL ANNEXE,
BLOCK NO. 0-20
Ahmedabad-380 016.

Facilities

A view of Vadinar Jetty completed

The infrastructural facilities available at the Vadinar off-shore oil terminal consist of boat harbour, a high-powered tug called *'Kutch Kesari'* water barges, general purpose launches, mooring facilities, navigational beacons, workshop, telecommunications, water supply, roads, power supply and a residential colony.

The creation of these infrastructural facilities involved massive task. For example, the water supply complex required the laying of a 16.2 km long pipeline from Sinham dam to port colony and the creation of underground reservoir, overhead tank, filteration plant and other distribution line to the colony, Indian Oil Corporation tank farm and jetty. It was also necessary to provide a service jetty for port crafts which was 150 metres long and had to be built in 9 metres depth of water as also to acquire floating crafts equipped with modern machineries. Besides, navigational facilities, water barges with 300 tonne capacity, launches etc. also had to be provided.

Construction of a boat harbour for providing shelter to the port craft like tugs, launches and water barges required for handling the tankers was an important item of the project. This includes a berthing jetty in the shape of right angle of 90 metres-by-60 metres having 9 metres of water at the lowest tide. Berthing facilities are available on both the faces of two arms. Connecting the berthing jetty with the shore above the high water mark, a distance of 3200 metres necessitated the construction of a rubble mound break water of about 3 km. in tidal conditions and trestle bridge of 173 metres on piles. To prevent formation of eddies in the berthing jetty area, a guide bund has been constructed behind the trestle bridge. The area enclosed by this bund is being reclaimed and used for putting up of operational buildings and other ancillary structures. The main technical feature of this work is the use of large diameter (800 and 1000 mm) bored piles driven to the rock level varying from 10 to 22 metres below the chart datum at 10 metre centres with a specially designed steel cantilever platform and use of heavy precast reinforced cement concrete beams in super-structure. Steel rounds and plates weighing 700 tonnes and 1520 tonnes of cement have gone into the structure

The Kandla Port Trust has acquired a twin screw diesel driven most powerful tug available at any Indian port which has a capacity of 45 tonne bollard pull with 4,000 BHP. The tug called *'Kutch Kesari'* is equipped with anti-pollution and fire fighting equipment and is used primarily for keeping the tankers in position during all stages of tides for prevention of ship overriding of the single buoy mooring. The tug has been built in India at a cost of Rs 6 crores. The tug has an overall length of 41 metres and a draught of 4.75 metres.

The Indian Oil Corporation has installed the single buoy mooring in the Gulf of Kutch. The world oil ships have a length of about 1090 feet and a breadth of 170 feet. They have draught of about 22 metres and therefore they can enter a port provided sufficiently deep water is available. This is available at the offshore oil terminal at Vadinar. Normally, a jetty is constructed for ships to berth alongside but in view of the huge size of these VLCCs they would require a berth capable of withstanding strains of about 3½ lakh tonnes. It would also be necessary to build such a jetty at a depth of water exceeding 90 feet which itself would pose a big problem and also involve enormous cost.

In order to avoid this, an alternative method was used and that was providing a single buoy mooring (SBM). This buoy is anchored off Vadinar about 5.2 km from the shore line and to secure the buoy in position six anchors are used. Unlike the normal anchors the anchors used in buoy are actually piles driven in the sea bed. There is a submerged pipeline laid along the sea bed from the buoy up to the shore line. A ship is secured to this mooring buoy by means of very big size nylon ropes and chains. Size of these ropes is about 10" diameter. There is a turn table arrangement on top of the buoy whereby a ship and pipelines coming out of the buoy can rotate with the turn of the tide while the lower portion of the buoy remains steady. There is a floating pipeline, one end of which is attached to the buoy and other end is connected to the ship. From the point where the submerged pipeline reaches the main land, regular pipeline is laid over land up to the tank farm.

The pipelines laid at Vadinar have a total length of 1,416 km. The details of the pipelines are as below:

From Single Buoy Mooring to IOC Tank Farm (42")	6 km.
From tank farm to Viramgam (28")	270 km.
From Viramgam to Koyali (18")	140 km.
From Viramgam to Mathura (24")	1,000 km.
Total length	1,416 km.

The last leg of the pipeline — that from Viramgam to Mathura — has only recently been completed and now the Mathura Refinery is poised to go on stream by April 1982.

In order to store the crude oil unloaded at Vadinar, the Indian Oil Corporation has built a tank farm nearby where this oil is being stored. It has so far built eight tanks, each with a storing capacity of 75,000 tonnes of oil. Two more such tanks are at present under construction. It has also built a small colony and other infrastructural facilities. In order to maintain the pipelines in proper order and to keep the oil flowing through them, the IOC has installed Ultra High Frequency (UHF) stations at frequent points along the pipelines right through Vadinar to Koyali and Mathura.

Operations

Since the work of providing of decca navigational system and installation of deep draught buoys along the vulnerable location of the 80 km. long navigational channel were in progress, the VLCCs carrying a cargo of three lakh tonnes crude oil could not call at the terminal in the beginning. All the navigational facilities have now been provided and the first VLCC MT *'Sylvania'* carrying Iranian crude oil of 1,98,568 tonnes was moored at Vadinar SBM on February 23, 1981. The discharge of the entire cargo was completed in a record time of 35 hours. The average discharge through the pipeline from this tanker was observed as 5,660 tonnes per hour. The designed capacity of the oil pipeline is 12,000 tonnes per hour. The average turn round of tankers at the off shore oil terminal at Vadinar works out at 50 hours approximately.

The Shipping Corporation of India has acquired two VLCCs namely *MT. 'Kanchenjunga'* and *MT. 'Koyali'*. These tankers could not call at any of the Indian ports due to draught restrictions. For the first time in the year 1981, *MT. 'Kanchenjunga'* with Indian flag and carrying Iranian crude oil to the tune of 2,27,272 tonnes called at the Vadinar Off Shore Oil Terminal on March 11, 1981. Incidentally, *MT. 'Kanchenjunga'* has an overall length of 332.40 mts. (1090 ft.) and a breadth of 52 mts. (170 ft.) The ship has a facility for landing of helicopter and generates its requirement of potable water. The maximum carrying capacity of the vessel is 2,76,756 DWT.

Since August, 1978, the crude oil tankers are regularly calling at the SBM, and the traffic handled upto January 25, 1982 is of the order of 111.00 lakh tonnes. The detailed yearwise break up of the crude oil traffic handled at Vadinar off shore oil terminal is as under.

Year	No. of tankers	Qty. of cargo in lakh tonnes
1978-79	14	13.38
1979-80	36	31.01
1980-81	42	38.56
1981-82 (upto 25-1-1982)	51	28.05
	143	111.00

The total value of the crude oil imported including the Bombay High Oil handled at the SBM during the year 1979-80 was of the order of Rs. 486 crores whereas in the year 1980-81 it was of the order of Rs 654 crores.

Deep water cargo berth

While conducting the hydrographic study for aligning the service craft jetty for boat harbour, it was observed that Pathfinder Creek at Vadinar has a good potential for developing a deep water cargo berth as calm and natural deep waters are available very near to shore and does not require any capital dredging. Model tests were also carried out at the Central Water & Power Research Station, Pune for the proposed alignment of deep water cargo berth.

The Saurashtra region generates large quantity of agricultural produces and minerals which attract international market. The exports of these, however, suffer badly due to lack of modern port facilities. The Jamnagar-Salaya area had produced considerable quantity of salt in the past. Salt was sent to Calcutta by sea for eastern India and even to foreign markets like Japan and the Philippines. The development of Vadinar could lead to a revival of salt exports. Besides salt, other important cargoes that could be handled through Vadinar were oilcakes, bauxite and limestone.

The Kandla Port Trust has formulated a scheme for the construction of deep water cargo berth in Pathfinder Creek with fully mechanised loading plant. It has drawn up an ambitious plan to develop Vadinar port by creating mechanised facilities for expeditious export of agriculture products, like do-oiled extractions and mineral generated in the vicinity.

The estimated cost of the mechanised plant project is Rs 16.90 crores. The scheme has been included in the Sixth Five Year Plan. The feasibility report of the scheme is under consideration of the Government of India in the Ministry of Shipping and Transport. According to the blue print, the deep water cargo berth at Vadinar will be 250 mts. long and 20 mts. wide and will be constructed at 300 mts. away from the existing service jetty. The berth will be equipped with mechanical handling facilities for handling bulk cargo like salt, bauxite, limestone etc. The face of the berth will be having a minimum depth of 15 mts. (50 ft.) of water at the lowest tide and can handle vessels having 40,000 to 50,000. The berth will be connected to shore line to two approach trestles founded on piles for carrying conveyor belt system and vehicular traffic. It is expected that when the berth is commissioned, it will handle nine lakh tonnes of cargo in the first year and fifteen lakh tonnes of cargo in the fifth year. At present, the berth will be mainly constructed for export traffic consisting of dry bulk cargo like de-oiled extractions salt, HPS and limestone.

It is also proposed to create a back up area of 28 hectares in the vicinity of the berth by reclamation for storage of dry bulk cargo consisting of 45,000 tonnes of salt, 30,000 tonnes of bauxite, 20,000 tonnes of limestone and covered area for storing 25,000 tonnes of de-oiled cakes. Provision has also been made for additional stacking areas.

The berth will be equipped with mechanised facilities for handling of dry cargo from back up area to the ship by media of reclaim conveyor, transfer conveyor and wharf conveyor systems and composite ship loader having 500 tonnes loading capacity per hour. The average rate of loading will be around 5,000 tonnes per day.

According to the projections made by the Kandla Port Trust, in the first year after the completion of the berth, a traffic of 8.8 lakh tonnes would be generated at Vadinar, which would go up to 15 lakh tonnes within a period of five years.

Port-based industries

Many industrialists and exporters have shown keen interest in setting up port based industries, such as fertiliser complex, processing plant etc. in this port. In fact, the Union Government is understood to have asked the Gujarat State Fertilizers Co. Ltd. (GSFC) to set up a DAP (Die Ammonium Phosphate) fertiliser plant at Vadinar. This is in the context of the long-pending application of the GSFC with the Centre for setting up the third fertiliser plant based on Bombay High gas. The Union Government has asked it to examine the feasibility of locating the plant at Vadinar. The GSFC is believed to have decided to shortly take up an assessment of the situation.

The Gujarat Government has urged the Centre to develop a major port at Vadinar and provide at least Rs 14 crores for building a general cargo jetty there during the Sixth Plan. The demand was made when the Planning Commission member, Mr. Mohammed Fazal, held discussions at Ahmedabad on development projects for the Sixth Plan for Gujarat in August 1981. Though the Sixth Plan of the Shipping Ministry does not envisage development of any new major port in Gujarat, Mr. Fazal promised to look into the matter. The Chief Minister, Mr. Madhavsinh Solanki, has said the government was keen on ensuring speedy development of Vadinar, initially as part of the Kandla Port Trust and later as an independent major port.

Vadinar would also need construction of 29 km of broad gauge line between Jamnagar and Vadinar. The line upto Jamnagar is already being converted into broad guage from Viramgam and this would open up Vadinar and the hinterland not only to north India but also to other regions in western India.

A word of caution may however be added. At present, Vadinar has the advantage of the absence of a natural process of silting. But once the cargo jetty is installed, one could not rule out the possibility of such a process taking place. Steps should therefore be taken to ensure that this does not happen.

Secondly, the availability of local trained pilots appears to be inadequate and the creation of training facilities is therefore called for. Mr. P.G. Rathod, president of the Jamnagar Shipping Agents' Association, has demanded, in a memorandum to the chairman of the National Shipping Board that Vadinar port should be linked with a railway line.

BEDI PORT : BUREAUCRATIC IMPEDIMENTS TO GROWTH

Wheat being unloaded at Bedi port

YET another port which awaits its full exploitation in Gujarat is the Bedi port, located on the south coast of the Gulf of Kutch, and one of the very old ports developed along the Gujarat coastline. Classified as an intermediate port, it is an all-weather tidal lighterage port located 395 miles north-west of Bombay and 35 miles off Kandla. Recently, a new site known as Rozi port has been developed downstream to Bedi port. In fact, Bedi is the largest of a group of four ports — Bedi, Sikka, Salaya and Jodiya — which together handled a traffic of 9.82 lakh tonnes in 1980-81 earning an income of Rs 1.81 crores. All these ports can be further developed.

Being an all-weather port, Bedi serves central Saurashtra, north-east Gujarat and south-west Rajasthan regions. However, for the last two years, certain parts of Punjab have also been making use of this port for trade purposes.

The infrastructural facilities existing at the Bedi port include all-weather roads connecting the port with the hinterland. The port is also connected by rail but due to the conversion of the metre-gauge railway line to the broad gauge one, this facility is available at a distance of one kilometre from the port. The broad gauge line is soon expected to be extended to the port.

For communications between ship and shore at the Bedi port, a wireless station is being maintained with a range of about 200 miles. Other communication facilities provided include post office, telegraph office and telephone services. At present, the port authorities have one dredger pontoon mounted with crane and two hopper barges. The anchorage is seven miles from the Bedi port and four miles from the Rozi port.

Tidal restriction: The dock basin at Bedi port and its approach get dry during low tides as a result of which the barge loading and unloading operations are restricted to only three hours during the high tides. In order to overcome the tidal restrictions and to increase the capacity of the port by enhancing the effective working hours uring the availability of tide, an 800-oot long wharfwall has been provided t the Rozi port along with all other ncillary facilities such as roads, godowns, latforms and cranes. The port authority roposes to extend the present wharfwall y another 300 feet.

torage facilities: The storage facilities t the Bedi port extend to an area of 40,380 square metres consisting of 6,460 quare metres of space for goods in ransit, 16,400 square metres of space for covered storage and 17,520 square metres of space for open storage. At Rozi port, the storage area is 30,693 square metres with 3,710 square metres for goods in transit, 12,760 square metres for covered storage and 14,223 square metres for open storage. One more godown of 2,370 square metres is under construction at Bedi.

Traffic: The commodities traded through Bedi port include the imports of dates, fertilisers, rock phosphate and iron scrap and the exports of salt, rice, groundnuts H.P.S., groundnuts in shells as well as the extractions of groundnut, rice bran, rapeseed, linseed, soyabean and salseeds. The volume of imports handled at the Bedi port rose from 99,023 tonnes in 1978-79 to 2,81,939 tonnes in 1980-81 while that of exports increased from 4,22,218 tonnes to 5,13,640 tonnes. Thus the total traffic handled at the Bedi port rose from 5,21,241 tonnes in 1978-79 to 7,95,579 tonnes in 1980-81. During April — December 1981, the volume of traffic handled was of the order of 5,76,200 tonnes.

Traffic handling facilities

For handling the above traffic, the port has the following facilities and equipments:

Tugs: The port has five big tugs (350 BHP) and two small tugs. The port has also three small launches for shifting of barges in the basin. One big tug Nilbhadar of 350 BHP has been brought from Okha port.

Barges: The port has 51 steel dumb barges of 100 tonnes each and 3 steel dumb barges each of 200 tonnes. Besides, the port has 3 Navlakhi, 2 Okha and 2 Porbandar steel dumb barges of 100 tonnes each and one self propelled barge *'Krishna'* of 150 tonnes. The total capacity of the cargo carrying barges thus works out to 6,550 tonnes. The port has also been provided with one self propelled water barge of 75 tonnes capacity.

A view of Bedi port. Seen are docks, transit godowns, cranes, etc.

Cranes: The import cargo is generally handled with cranes. As import is generally handled at the Rozi port, seven cranes are provided at wharf each of 12.5 tonnes capacity.

Wharf: There is a 7,040-foot long wharf at Bedi port and a 800-foot long wharf at Rozi.

Docks: For repairs of port launches, tugs, barges etc the port has a small dry dock which can accommodate four port crafts at a time. The port has also facility of barges basin which accommodates four barges for repairs. In addition to this, for day to day urgent repairs the port has 3 grid iron facilities.

Capacity: The port works five ships at a time and generally three export vessels and two import vessels are worked.

In spite of the infrastructural facilities created at Bedi, the transportation of goods remains a big handicap. Even though roads have been constructed, their maintenance is to some extent lacking. According to a senior officer of the Bedi port authority, the jurisdiction over the road leading from Jamnagar to Bedi is divided among the Bedi Panchayat, Jamnagar Municipal Corporation and the port authority. While the last mentioned authority has been maintaining its part of the road very well, the other two bodies have been totally neglecting their job with the result that two-thirds of the road, which is extremely busy with incoming and outgoing traffic, is in a shambles.

Rail line, the other means of transportation, presents an equally sad story. While the rail line connecting Bedi with the main rail network has been already converted into broad gauge, the work of laying the rail line has fallen short of the port merely by one kilometre. It is learnt that now the railway authorities have asked the State Government to finance the rail line which the latter is unwilling to do. Between them, the two have prevented the full growth of the port.

Apart from Bedi port, the ports of Sikka, Salaya and Jodiya also come under the management of Bedi group of ports. Taken as a whole, the Bedi group of ports handled a traffic of 7.18 lakh tonnes of goods in 1978-79. By 1980-81, this volume rose to 9.82 lakh tonnes.

The following is a statement of ownership and other particulars about "Commerce" Bombay, as required under the Rule 8 of the Registration of Newspapers (Central) Rule 1956.

FORM IV

1.	Place of Publication	Manek Mahal, 6th floor, Veer Nariman Road, Bombay 400 020.
2.	Periodicity of Publication	WEEKLY
3.	Printer's Name	Mr. Dinker Bhasker Mahatme
	Nationality	Indian
	Address	Flat No. 17, Patrakar Co-op. Housing Society Ltd, Road No. 4, Gandhi Nagar, Bandra (East), Bombay-400 051.
4.	Publisher's Name	Mr. Dinker Bhasker Mahatme, for the Proprietors, Commerce Publications Ltd.
	Nationality	Indian
	Address	Flat No. 17, Patrakar Co-op. Housing Society Ltd, Road No. 4, Gandhi Nagar, Bandra (East), Bombay-400 051.
5.	Editor's Name	Mr. Vadilal Dagli
	Nationality	Indian
	Address	D-3, Seaface Park, Bhulabhai Desai Road, Bombay-400 026.

6. Names and adresses of shareholders holding more than one per cent of the total capital:

1. Mr. N. Harihara Iyer, Plot No. 7, Flat No. 18, "Sharda", Om Mata Co-op. Hsg. Socy. Ltd., Chedda Nagar, Chembur, Bombay-400 089.
2. Calcutta General Printing Company Limited, 3, Wellesely Place, Calcutta.
3. Champa Holdings & Finance Pvt. Ltd., C/o Commerce Publications Limited, Manek Mahal, 90 Veer Nariman Road, Bombay-400 020.
4. Mrs Indira Vadilal Dagli & Mr Vadilal Dagli, D-3, Sea Face Park, Bhulabhai Desai Road, Bombay-400 026.
5. Mr Vadilal Jechand Dagli, Mr Chinubhai C. Chokshi, Mr Ramdas M. Gandhi, Mr Uttamlal C. Kapasi, Mafatlal House, Backbay Reclamation, Bombay 400 020
6. Mrs Homi Jehangir Byramjee Jeejeebhoy, Mr Jehangir Byramjee Jeejeebhoy, The Cliffe, Ridge Road, Malabar Hill, Bombay-400 026.
7. Heritage Estates Pvt. Ltd., 83, Jolly Maker Chambers, Backbay Reclamation, Nariman Point, Bombay-400 021
8. Mr Byram Nanabhoy Jeejeebhoy, Mrs Dosibai Nanabhoy Jeejeebhoy, Mrs Avi Behram Doctor, Mr Rustom Nanabhoy Jeejeebhoy, 83, Jolly Maker Chamber II, Backbay Reclamation, Nariman Point, Bombay-400 001.
9. Industrial Investment Trust Ltd., 61, Apollo Street, Bombay-400 001
10. Kothari (Madras) Ltd., Kothari Buildings, Nungambakkam High Road, Madras-600 034.
11. Namrata Investment Ltd., 5/B, Vulvan Insurance Bldg, Veer Nariman Road, Bombay.
12. Dr Bhanu Ratilal Shah, Dariya Mahal, Building No. 1, Flat No. 32. Nepean Sea Road, Bombay-400 006.
13. Vissanji Khimji & Co. Ltd., 9, Wallace Street, Bombay-400 001.
14. Khatau Makanji Spg. & Wvg. Co. Ltd., Laxmi Building, 6, Ballard Road, Bombay-400 001
15. New Ambadi Estates Pvt. Ltd., Tiam House, 28, Rajaji Road, Madras-600 001.
16. Tata Sons Ltd., Bombay House, Homi Mody Street, Bombay-400 001.
17. Investment Trust of India Ltd., Oriental Building, Armenian Street, Madras-600 001.
18. Padmashree Synthetics Pvt. Ltd., 12, Dr M. C. Jawle Marg, Dadar, Bombay-400 028.
19. Mrs Rasika Harshad Kothari & Mr Harshad Chandulai Kothari, Oriental Building, Armenian Street, Madras-600 001.
20. Matulya Mills Ltd., Rohit Mills Premises, Khokhra, Mehamedabad, Ahmedabad-380 008.
21. Bank of India, 70/80, Mahatma Gandhi Road, Bombay-400 001.
22. Mrs Aloo J. Kapadia and others, Baug-E-Sara, 16, Nepean Sea Road, Bombay-400 006.

I, DINKER BHASKER MAHATME, hereby declare that the particulars given above are true to the best of my knowledge and belief.

Bombay
Dated: 6th March 1982.

(D. B. MAHATME)
Signature of the publisher

INDIAN DYESTUFF INDUSTRIES LTD.

IDI

MAFATLAL CENTRE, NARIMAN POINT, BOMBAY - 400 021
Phone . 23 46 43 Cable : NAVICET Telex : 11 3089 IDI IN

MANUFACTURERS OF

NAVINON VAT DYES
NAVIDON INDIGOID VAT DYES
NAVICET DISPERSE DYES FOR ACETATE/NYLON
NAVILENE DISPERSE DYES FOR POLYESTER
NAVICTIVE REACTIVE DYES
NAVIFAST PIGMENT POWDERS
NAVITEX PIGMENT EMULSIONS
DYE INTERMEDIATES
ALUMINIUM CHLORIDE ANHYDROUS
HYDROSULPHITE CONC. BT

SUN GRACE

Suddenly... it's Sun Grace

Bask in it.
Exuberate in it.
Feel it. Wear it.
Live it.

SUN GRACE
Fabrics
From Mihir Textiles
and Matulya Mills

तमसो मा ज्योतिर्गमय

TRIKAYA-MT20-8

CROP AND COMMODITY SURVEY: JANUARY 1982

RECORD WHEAT PRODUCTION EXPECTED

By COMMERCE RESEARCH BUREAU

SATISFACTORY progress of rabi crops was reported during the month following good rains in the last week of January in the main wheat producing areas of Punjab, Haryana and Uttar Pradesh. Wheat harvesting commenced in some States *e.g.* Bihar, Gujarat, Madhya Pradesh and Maharashtra.

Hailstorms and rains during the month caused widespread damage to standing crops in some parts of Madhya Pradesh and Maharasthra.

Rice procurement during the current marketing season (November-October) was 5.7 million tonnes till January 29, 1982 which was only one lakh tonnes short of the procurement of 5.8 million tonnes last season.

The Union Agriculture Minister, Rao Birendra Singh stated that the wheat support price for the 1982-83 marketing season would be announced by February-end. He further stated that wheat procurement this season would be about nine million tonnes as against 6.5 million tonnes last year. Meanwhile, several wheat producing States demanded a support price higher than the one (Rs 142 per quintal) recommended by the Agricultural Prices Commission. The Food Corporation of India made arrangements for mechanisation of rabi procurement in selected areas this season.

The new 20-point programme announced by the Prime Minister, Mrs. Indira Gandhi, on January 14 included two items directly related to agricultural development — one relating to increase in irrigation potential and provision of inputs for dryland agriculture and the other relating to special efforts to increase production of pulses and vegetable oilseeds.

The annual target for additional irrigation potential was raised to three million hectares as against the original target of about 2.5 million hectares for the remaining three years of the Sixth Plan. A countrywide campaign was also been launched to improve pulses and oilseeds production.

The purchases of the Cotton Corporation of India (CCI) during the current cotton season (September-August) were 5.1 lakh bales till February 11. A similar quantity (five lakh bales) was procured by the Maharashtra State Cooperative Marketing Federation till January 22 under the State's monopoly cotton procurement scheme.

Sugar exports during the current sugar season (October-September) totalled 51,000 tonnes till January 15, 1982.

The Union Government raised by 50 paise per kg the support prices for tobacco for the 1981-82 crop to be marketed in 1982. The new prices would be Rs 8.50 per kg for farm grade F-2 VFC (Virginia flue cured) tobacco grown in light soil and Rs 7.75 per kg for tobacco grown in black soil. The Government also raised the minimum export prices (MEP) of VFC tobacco by 12.5 per cent to 15 per cent for various grades of unmanufactured tobacco for the 1982 crop.

The following paragraphs present the statewise and cropwise position for the month of January 1982.

ANDHRA PRADESH

The rice procurement in the State during the current kharif marketing season (November 1981 to October 1982) amounted to 5.07 lakh tonnes till January 28 as against the target of 10 lakh tonnes for the season.

The Food Corporation of India finalised arrangements to move two lakh tonnes of superfine paddy to the State for conversion into export quality rice. The milled rice would be moved to Visakhapatnam and Madras ports for export.

ASSAM

Wheat, the major rabi crop, covered an area of 1.15 lakh hectares this season as against 1.04 lakh hectares last year. The State's Agriculture Department distributed 4,250 tonnes of fertilisers among the farmers. About 40,000 quintals of improved seeds were distributed to the farmers before December 1, 1981. The area under pulses this season was 2.14 lakh hectares.

Agricultural scientists evolved an early maturing variety of rice suited for flood-prone areas in the State. It was claimed that the variety IE 7 3629 matured in 110 days thereby enabling the harvest to be completed during the flood-free season.

Fruit farming was reported to be making headway in the North Cachar Hills district of the State. Fruit gardens which indicated gradual weaning away of tribal farmers from shifting cultivation (Jhummia) covered about 3,000 hectares in 1980-81 and the target for 1981-82 was still higher.

BIHAR

An increase in the area under rabi crops—wheat, maize and pulses—a subsidy on better quality seeds, liberal credit facilities for fertilisers and timely winter rains brightened the rabi prospects in the State this year. The area under wheat this year was 2.2 million hectares as against 1.8 million hectares last year and that under pulses was 1.3 million hectares as against 1.1 million hectares last year. The area under winter maize was 0.18 million hectares compared with 0.10 million hectares last year. The total rabi area was 4.2 million hectares this year as against 3.5 million hectares last year. The State hoped to make up the shortfall of 14 lakh tonnes in this year's kharif production through higher rabi output.

The State Government requested the Centre for an increased allotment of rice in view of the grim situation on the State's food front. The State urged the Centre to increase the monthly rice quota from 60,000 tonnes to at least 75,000 tonnes.

The State proposed to boost tobacco cultivation in the next financial year (1982-83). Stress would be laid on growing cigarette grade variety of tobacco in the programme. An outlay of Rs 10 lakhs was provided for the scheme in the next year's Plan.

The State Government sought Central assistance of Rs 90 crores as relief for loss of property and crops due to floods during the South-west monsoon of 1981. The demand was put before a high-power three-member Central team which toured the State during the first week of the month.

GUJARAT

The State was poised to reap a good rabi crop of 15 lakh tonnes this year of which wheat would be 13.90 lakh tonnes, one lakh tonnes more than last year. Estimates of production of other crops were: gram 0.60 lakh tonnes, bajra 0.30 lakh tonnes, pulses 0.46 lakh tonnes, rapeseed and mustard 0.70 lakh tonnes and castorseed 1.40 lakh tonnes.

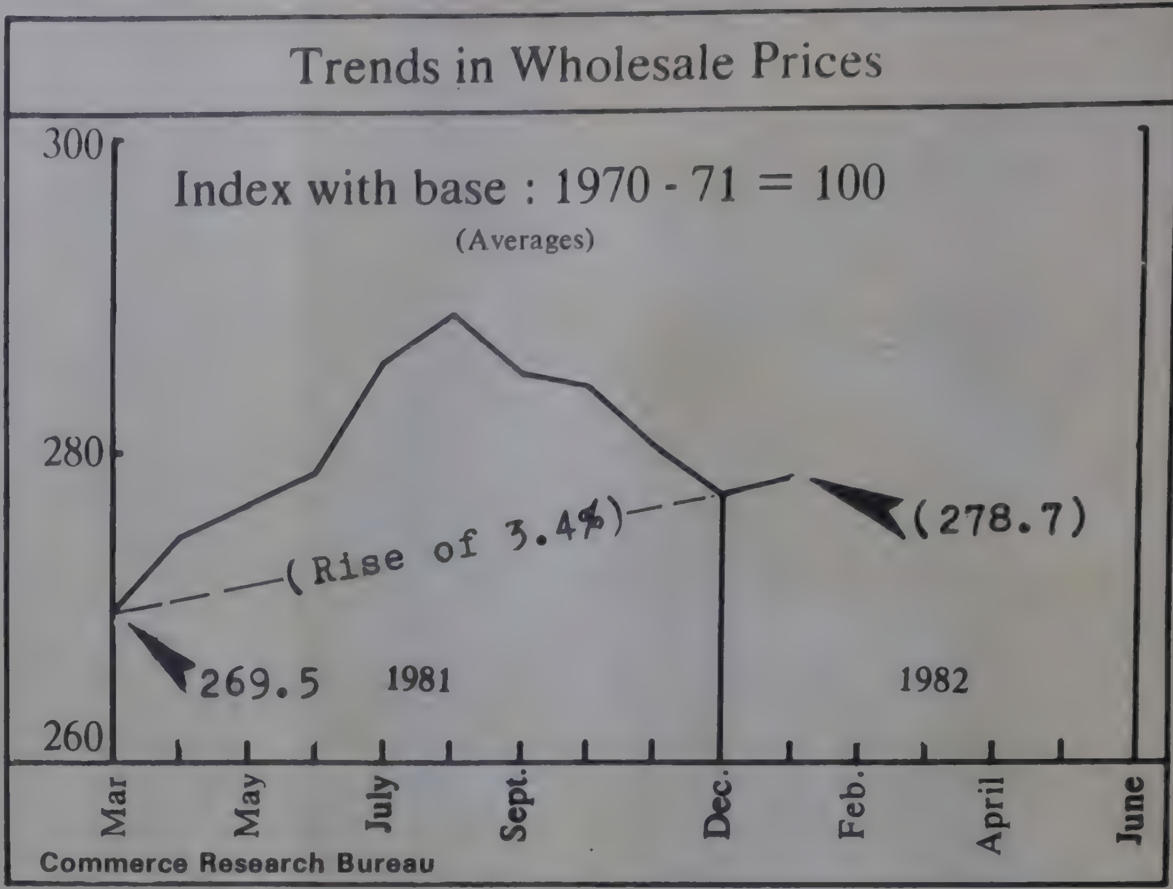
Trade circles estimated that the cotton crop in the State this year would be in the range of 16 to 17 lakh bales as against the earlier estimate of 19 to 20 lakh bales. The shortfall was attributed to the loss due to the untimely cyclonic rains soon after Diwali.

During the current season the Cotton Corporation of India purchased 26,000 bales of Shankar-4 long staple cotton, worth Rs 7 crores in the State till the end of the month.

The Union Ministry of Commerce permitted the Gujarat State Cooperative Cotton Marketing Federation to export 50,000 bales of Shankar-4 cotton this year.

The State Government reduced the rate of sales tax on vegetable non-essential oils (including castor oil, but not vanaspati) to one per cent on inter-state sales only. The concession would be valid for the entire year 1982.

The World Bank promised sizable aid to many major and medium irrigation projects to be constructed at a total


Trends in Wholesale Prices

Commerce Research Bureau

Break in downtrend

THE downtrend in wholesale prices which commenced in September 1981 halted during January 1982. At 278.7 the wholesale price index for January 1982 showed an increase of 0.5 per cent over the preceding month.

During the first 10 months of the current financial year (April 1981-March 1982) the wholsale price index was higher by 10.3 per cent than that of the corresponding period of 1980-81

During January 1982 the rise in the wholesale price index was mainly attributed to the increase in prices of fish, cereals & pulses, coffee, milk, raw silk, raw rubber, groundnuts, eggs, niger seed, soyabeans, rice bran oil, cotton-seed oil, kardi oil, pipes and tubes and tin plates.

Month	Wholesale price index (Average) (1970-71 = 100)	Percentage change
1980		
December	257.0	−0.5
1981		
January	263.2	+2.4
February	268.1	+1.9
March	269.5	+0.5
April	274.6	+1.9
May	276.8	+0.8
June	278.8	+0.7
July	285.6	+2.4
August	288.8	+1.1
September	284.6	−1.5
October	283.9	−0.2
November	280.2	−1.3
December	277.3	−1.0
1982		
January	278.7	+0.5

Index Numbers of Wholesale Prices (Base : 1970-71 = 100)

Group	Weight in the official index	Jan. 30, 1982	Dec. 26, 1981	Jan. 31, 1981	Percentage variation on Jan. 30, 1982 over Dec. 26, 1981	Percentage variation on Jan. 30, 1982 over Jan. 31, 1981
Manufactured products	49.9	262.8	261.5	257.0	0.5	2.3
Leather & leather products	0.4	361.6	357.9	387.0	1.0	−6.6
Basic metals, alloys & metal products	1.4	320.6	311.7	271.3	2.9	18.2
Primary articles	41.7	264.8	263.1	250.8	0.6	5.6
Food articles	10.6	237.2	234.2	218.2	1.3	8.7
Minerals	1.2	1152.3	1169.0	1171.9	−1.4	−1.7
Fuel, power, light & lubricants	8.4	437.5	437.5	386.8	—	13.1
All commodities	100.0	278.4	277.1	265.4	0.5	4.9

estimated cost of Rs 699 crores in the State. The aid would be in addition to the aid that might be available for the Rs 3,850-crore inter-state Narmada project.

HARYANA

Production of rabi crops—wheat and gram—this year was expected to show considerable increase over the preceding year. The area under wheat was 1.5 million hectares as against 1.4 million hectares last year and wheat production was likely to be 3.6 million tonnes as against about 3.5 million tonnes last year. Production of gram was likely to be around 8 lakh tonnes as against 4.7 lakh tonnes last year.

The Chief Minister, Mr Bhajan Lal, assured farmers of power supply for a minimum of eight hours daily to run tubewells. He further said that the State Electricity Board had been asked to give priority to the needs of farmers.

The State Government lifted the ban on export of rice outside the State with effect from January 23, 1982. The ban on export of paddy would, however, continue. Effective from January 10, 1982 the State Government banned the export of hand-pounded rice produced by small units which are registered with the State Khadi and Village Industries Board to other States.

Farmers in the State reclaimed about 12,000 hectares of alkaline land as a result of motivation provided by the Haryana Land Reclamation and Development Corporation. The total land affected by salinity and alkalinity in the State was estimated at about 4.8 lakh hectares.

HIMACHAL PRADESH

A major project for the creation of an additional storage capacity of 1.17 lakh tonnes was launched in the State with the help of the World Bank and the National Co-operative Development Corporation. The five-year project was estimated to cost Rs 7.67 crores.

JAMMU AND KASHMIR

The target for rabi foodgrains production in the State for 1981-82 was fixed at 3 lakh tonnes from an area of 1.95 lakh hectares. The wheat production was expected to be 2.85 lakh tonnes during the current year as against 2.70 lakh tonnes last year.

KARNATAKA

During the current rabi season, the State Government has focussed attention on jowar, wheat, rice, maize and gram crops. The target for rabi cereal crops for the season was fixed at one million tonnes from an area of 1.55 million hectares. With the availability of sufficient irrigation water from tanks the State hoped to achieve the target.

The Reserve Bank of India temporarily lifted the credit squeeze on rice procurement operations in the State and sanctioned additional (unspecified) cash credit to enable resumption of rice procurement (mill and traders point levy). The rate of interest would be 19 per cent as against the normal concessional rate of 12.5 per cent. The credit squeeze was looked upon as a reprisal by the Government of India against the State Government opting for a higher procurement price than the one fixed by it as an all-India policy. The State's rice procurement levy target was fixed at two lakh tonnes.

KERALA

Rabi crop prospects in the State were reported to be satisfactory. An area of one lakh hectares out of 3.45 lakh hectares under rabi paddy was covered by high yielding varieties. The State expected to produce 1.4 million tonnes of rice this season as against 1.3 million tonnes in 1980-81.

The Union Government agreed to provide Rs 25 crores as assistance to coconut farmers in the State as part of a World Bank—aided project for oilseeds development.

MADHYA PRADESH

A severe hailstorm on January 30 damaged standing crops in Sehore, Dewas and Ratlam districts of the State.

Wheat production in the State was expected to be around 35 lakh tonnes in the current season as against 30.50 lakh tonnes last year. This was attributed to the satisfactory winter rains after a good south-west monsoon.

The State Government withdrew, on January 18, the 25 per cent levy on jowar and maize in view of adequate stock of these grains for the public distribution system.

The Madhya Pradesh State Marketing Federation reportedly incurred a loss of about Rs 2 crores during the last paddy season ending October 1981 due to unsold stocks of 25,000 tonnes of paddy and 61,000 tonnes of rice.

MAHARASHTRA

Heavy rains and hailstorm lashed parts of the Vidarbha region on January 12, killing two persons and causing intensive damage to standing crops. Several heads of cattle were also lost. Another spell of rains and hailstorm hit the Vidarbha and Marathwada regions at the end of the month. These rains also caused damage to standing crops while 100 heads of cattle perished at Kandari village in Jalna district.

The State expects to reap a good rabi crop of 30 lakh tonnes this year (1981-82) as against 28 lakh tonnes last year. The rabi jowar crop was expected to be about 17 lakh tonnes and the wheat crop around 10 lakh tonnes. Summer rice crop was expected to be 60,000 tonnes. Gram crop was estimated at 1.70 lakh tonnes while production of other rabi pulses was estimated to be around 30,000 tonnes.

The allotment of wheat to roller flour mills in the State was cut by as much as 20 per cent for the current month. The quota allotted was only 24,000 tonnes as against the flour mills' capacity of 45,000 tonnes.

The Railway Ministry agreed to reduce the freight hike by 30 per cent for the transport of oranges from Nagpur and adjoining areas to other parts of the country. It also increased the availability of railway wagons from the existing 100 a day to 200 a day to meet the transport of bumper crop of oranges this season.

MANIPUR

The State Government launched seven major and medium projects with total expenditure of over Rs 100 crores to irrigate wider areas in the valley and the hills, generate power and provide drinking water to Imphal city. The biggest project would be on the Thoubal river with an estimated outlay of Rs 47.25

crores. The ultimate irrigation potential of this project was estimated at 34,000 hectares.

MEGHALAYA

In the State's Annual Plan for 1982-83 emphasis has been placed on agriculture and allied services. Production of rice is expected to be about 8,000 tonnes, pulses 1,800 tonnes and potato 1.40 lakh tonnes.

The target for area under social forestry programme for the next year would be 3,150 hectares as against about 2,425 hectares for the current year.

NAGALAND

The Chief Minister, Mr J.B. Jasokie said on January 8, that coffee plantation would be taken up in the State on a large scale to improve the economic condition of farmers.

ORISSA

Paddy procurement in the State this season had been tardy. Until January 25, 1982, only about 50,000 tonnes of rice was procured as against the target of two lakh tonnes. Paddy arrivals in the markets were poor due to the damage caused by cyclone in the coastal districts of Cuttack and Puri. The earlier drought had also resulted in crop failure in some areas.

The State Government drew up a programme to fully rehabilitate 4,938 bonded labourers at a cost of rupees two crores, including rupees one crore grant from the Centre during the current financial year. The number of bonded labourers identified in the State so far is 27,736.

PUNJAB

Widespread rainfall during the month was beneficial to the rabi crops in the unirrigated areas of the State.

The State Government has asked the Railway authorities to stop unauthorised despatch of wheat from various stations in Faridkot and Bhatinda districts to other States.

The State expected a bumper potato crop of 8 lakh tonnes this year from an area of 40,000 hectares. The production last year was 7.35 lakh tonnes.

RAJASTHAN

Rainfall during the month was highly beneficial for the rabi crops in the State. It raised hopes of a better rabi harvest this year than what it was in the past three years. Though there was no increase in the area under wheat over last year, the production was expected to be more than last year as concerted efforts were made by the State Government to increase the yield. The wheat production was estimated at 2.63 million tonnes this year.

The World Food Programme's governing body recently approved food aid worth Rs 11.8 crores (13.1 million dollars) to the new settlers in the Rajasthan canal area. The aid would comprise about 31,000 tonnes of wheat and 2,482 tonnes each of vegetable oil and pulses. The aid was designed to speed up the rate of settlement in the area.

TAMIL NADU

Rabi crop prospects in the State were excellent following good north-east monsoon rains. The *Samba* paddy crop which was being harvested during the month was expected to be about 50 lakh tonnes. The area under *Samba* paddy and other rabi crops was around 20 lakh hectares.

The State Government suggested to the Centre that the Cotton Corporation of India (CCI) should purchase more cotton in the State to ensure fair prices for growers. Presently, the CCI is not in a position to do so as the produce is not brought to the regulated markets but is sold outside.

The Tamil Nadu Agricultural University released 10 new crop varieties as 'Pongal' gift to the farmers of the State. These varieties relate to paddy, cotton, pulses and vegetables.

The Tamil Nadu Agriculturists' Association urged the State Government to increase the procurement price for paddy to Rs 200 per quintal and for sugarcane to Rs 300 per tonne.

Due to scarcity conditions prior to the start of the north-east monsoon in October 1981, the State Government had demanded 16.2 lakh tonnes of foodgrains from the Centre against which they were allotted 10.2 lakh tonnes.

The Indian Council of Agricultural Research (ICAR) sanctioned Rs 80 lakhs to the Tamil Nadu Agricultural University Research Centre at Aduthurai for the Centre's research activities in the Sixth Plan. The ICAR also allotted rupees five crores to various research centres in the State to step up production of paddy, millets, pulses, oilseeds, horticulture crops, etc.

TRIPURA

The State Government took up a Rs 25.29-crore project to cover a total area of 23,339 hectares under assured cultivation. The project envisaged the construction of three barrages over the rivers Gumti, Khowai and Kanu in the South, West and North districts for irrigation and flood control. The projects, when completed, were expected to irrigate over 13,000 hectares.

UTTAR PRADESH

Thanks to widespread winter showers, bumper wheat crop of 135 lakh tonnes was expected this rabi season in the State. The total rabi foodgrains output was expected to be about 168 lakh tonnes.

The State's 1982-83 Annual Plan fixed the foodgrains target at 26 million tonnes as against the estimated output of 22.4 million tonnes during 1981-82.

An additional area of 2.8 lakh hectares was estimated to be irrigated in the current year (1981-82) as against 2.5 lakh hectares in 1980-81. The target for 1982-83 was 1.95 lakh hectares.

On the recommendations of the Central study team the Centre gave Rs 47.12 crores to the State for flood relief. An additional amount of Rs 11.23 crores was given to the State for rehabilitation of flood victims and repair of damaged public property.

WEST BENGAL

The rabi crop outlook for the State was not satisfactory due to the break in the monsoon, throughout September and October which left the reservoir levels at multipurpose river valley projects too ow to be of much use for paddy. Also, he target for wheat cultivation which vas fixed at 5.60 lakh hectares was not ikely to be reached and it was feared hat only an area of 2.87 lakh hectares vas under wheat cultivation this season.

The paddy procurement drive in the State during the current rice marketing season was reportedly hit hard because of high prices of paddy and rice in many districts of the State due to crop failure. The rice mill industry was also hit hard.

The State Government suggested to the Agricultural Prices Commission that the price of W-5 grade of raw jute be raised to Rs 275 per quintal for the forthcoming jute season against the current price of Rs 175 per quintal.

To assist small growers lacking tea processing facilities in North Bengal, the Centre decided to establish a public sector unit in Jalpaiguri district to manufacture a special type of green tea exclusively for export.

The State's Agriculture Minister stated that, despite damage to potato cultivation due to the cyclone, the potato yield this year was expected to be about 1.9 million tonnes, the same as last year, though it fell short of the target of 2.4 million tonnes.

Rice

Procurement of rice during the current khariff marketing season (November 1981-October 1982) until January 29, 1982 totalled 57 lakh tonnes as against about 45 lakh tonnes during the corresponding period last year. The current season's procurement was only one lakh tonnes short of the total procurement of 58 lakh tonnes last season.

The statewise break-up was as follows:

(In lakh tonnes)

State	1981-82
Punjab	29.03
Haryana	6.72
Uttar Pradesh	5.65
Andhra Pradesh	5.07
Tamil Nadu	2.00
Other States	8.53
Total	57.00

Punjab was likely to export about 50,000 tonnes of PR 106 variety rice valued at Rs 18.5 crores to the Soviet Union this season.

India would supply two lakh tonnes of PR-106 rice to the Soviet Union in return for crude oil under an agreement signed in New Delhi on January 20. The entire quantity was to be supplied during the period February to June 1982.

The Food Corporation of India (FCI) evolved a joint strategy with the state governments to tackle the perennial problem of milling paddy procured from farmers. Under the joint strategy there would be a mutually agreed programme of milling among all the procuring agencies, the State food departments, FCI, the cooperative mills and private millers. As a result, the entire paddy procured during the current marketing season was expected to be milled by September. In the Delhi market the price of rice (basmati) declined by 2.2 per cent during the month to Rs 450 - 650 per quintal.

Wheat

The rainfall in the last week of January in the wheat producing States of Punjab, Haryana and Uttar Pradesh raised hopes of harvesting a record wheat crop this year. Wheat production was expected to exceed last year's crop of 36 million tonnes by about two million tonnes.

A fully mechanised fool-proof system of wheat procurement was proposed to be experimented in the coming rabi season when the World Bank-aided five sophisticated silos would start receiving grain directly from the farmers. Three silos world be located in Punjab and the remaining two in Uttar Pradesh.

Of the total 1.5 million tonnes of US wheat contracted for import, about 10 lakh tonnes had been received up to January 17.

Wheat scientists at the Indian Agricultural Research Institute (IARI) and its regional stations developed some new varieties to increase productivity in rainfed or dry land areas. The evolution of these varieties was expected to result in enhancing wheat production in Bihar, Karnataka, Madhya Pradesh, Maharashtra and Uttar Pradesh where a sizable wheat area would continue to be under rainfed conditions for some more years. The price of wheat (dara) in the Rohtak market increased by 7.1 per cent over the month to Rs 160-172 per quintal. quintal.

Jute

The Union Government decided not set up a jute board though the task force appointed by the Government had recommended it. However, a committee of secretaries was constituted to coordinate various activities relating to the jute industry.

The Jute Corporation of India concluded a deal with the USSR for the supply of 10,000 tonnes (or 55,500 bales of 1980 kg each) of raw jute valued at Rs 4.16 crores f.o.b. to be delivered during the period January to March 1982.

Of the target of three lakh bales for export in the 1981-82 season, the JCI concluded contracts for 2.27 lakh bales. The JCI had stocks of over 2.5 million bales as on January 18.

The price of jute (W-5) in the Calcutta market ruled steady at Rs 240 per quintal during the month.

Cotton

The Cotton Corporation of India (CCI) purchased 20.63 lakh quintals (4.15 lakh bales of 170 kg each) during the current cotton season (September 1981-August 1982) up to January 27 against a target of 13.50 lakh bales. Its purchases in Andhra Pradesh were 1.22 lakh bales. About 26,000 bales of Shankar-4 long staple cotton in Gujarat (valued at Rs 7 crores) were also purchased by the CCI. Its purchases so far this season were higher in Andhra Pradesh, Gujarat, Madhya Pradesh and Tamil Nadu as compared to last season while in Punjab, Haryana and Rajasthan they were lower this season.

The Union Government permitted export of 10,000 bales of yellow pickings during the 1981-82 cotton season. This quota would be open for export to all permissible destinations by the private trade, Cotton Corporation of India and the cooperatives.

Applications for export would be accepted from February 10, 1982.

The Board of the East India Cotton Association permitted with effect from

Spot prices of agricultural commodities: January 1982

(Rs per quintal)

Commodity	Market	Variety	January 30, 1982	December 31, 1981	January 31, 1981	January 31, 1980	Percentage variation on January 30, 1982 over		
							a month	a year	two years
I. Foodgrains									
(1) Rice	Delhi	Basmati	450-650	500-625	325-525	300-575	−2.2	29.4	25.7
	Hapur	Basmati	450-475	450-480	450-480	380-400	−0.5	−0.5	18.6
	T.P. Gudam	Fine	320	320	281.08-283.70	243.24	—	13.3	31.6
(2) Wheat ..	Bhatinda	Farm	150-160	142-150	144-155	126-126.50	6.2	3.7	22.8
	Delhi	Deshi	210-230	210-230	195-210	148-175	—	8.6	36.2
	Rohtak	Dara	160-172	145-165	150-160	125-145	7.1	7.1	23.0
(3) Barley ..	Bhatinda	Average	100-105	100-110	100-109	90-100	−2.4	−1.9	7.9
	Hapur	Average	115-122	105-115	152-155	120-125	7.7	−22.8	−3.3
(4) Jowar ..	Shrirampur	Average	190-230	210-235	150-170	125-140	−5.6	31.3	58.5
	Karnal	Average	130-145	120-132	128-140	110-118	9.1	2.6	20.6
(5) Bajra	Ahmedabad	Average	165-190	160-190	145-160	135-145	1.4	16.4	26.8
	Shrirampur	Average	185-215	185 210	152-160	102-125	1.3	28.2	76.2
(6) Maize ..	Hapur	Average	125-135	130-136	145-152	112-116	−2.3	−12.5	14.0
	Karnal	Average	148-164	140-150	129-136	110-117	7.6	17.7	37.4
(7) Gram ..	Bombay	Deshi	300	320-350	350-375	230-240	−10.4	−17.2	27.7
	Hapur	Average	275-310	275-320	350-400	195-225	−1.7	−22.0	39.3
	Rohtak	Kabli	340-440	350-445	350-355	295-430	−1.9	10.6	7.6
II. Fibres									
(1) Cotton ..	Bombay	Varalaxmi (A)	1,701	1,828	1,975	1,870	−6.9	−13.9	−9.0
	Bombay	CJ—73	1,286	1,385	1,195	858	−7.1	7.6	49.9
	Bombay	L—147 (A)	1,518	N.A.	1,519	1,083	—	−0.1	40.2
	Bombay	A—51—9	1,406	1,448	1,399	1,083	−2.9	0.5	29.8
	Bombay	Bengal deshi	1,139	1,097	787	717	3.8	44.7	58.9
(2) Jute	Calcutta	W—5	240	240	217.50	210	—	10.3	14.3
III. Groundnut and its oil									
(1) Groundnut (Kernels)	Bombay	Karad Bold	575	597	555	410	−3.7	3.6	40.2
	Kanpur	Average	555-690	510-625	600-700	370-460	9.7	−4.2	50.0
	Rajkot	Average	508.33	508.33	429.17	341.67	—	18.4	48.8
(2) Groundnut oil	Bombay	—	1388.4	1401.4	1,245	920	−0.9	11.5	50.9
	Madras	—	1,335	1,300	1,265	920	2.7	5.5	45.1
	Rajkot	—	1,295	1,275	1,050	850	1.6	23.3	52.4
IV. Others									
(1) Sugar	Bombay	C—30	589-600	675-677	742-745	478-484	−12.1	−20.0	23.6
	Hapur	—	560-590	588-589	667-670	405-430	−2.3	−14.0	37.7
(2) Khandsari	Hapur	Crusher	300-410	300-430	480-540	360-390	−2.7	−30.4	−5.3
	Delhi	Deshi	330-370	350-380	540-560	410-480	−4.1	−36.4	−21.3
(3) Gur	Hapur	Dhaia Sup.	165-170	195-197	257-262	193-196	−14.5	−35.5	−13.9
(4) Tea	Bombay	Average	2,400	2,300	2,400	2,280	4.3	—	5.3

January 7, 1982 trading in non-transferable specific delivery contracts (NTSD) of types, samples, stamped bales and or descriptions in Wagad and Kalagin varieties of Indian cotton of 1981-82 season grown in Gujarat, providing for delivery within three months of the contract.

The continued strike in textile mills in Bombay, which started on January 18, severely affected the demand for cotton and as a result cotton prices declined.

The Maharashtra State Cooperative Marketing Federation (MSCMF) procured about five lakh bales till January 22, during the current cotton season, but reportedly its sales till that date were only 25,000 bales. It had reduced its selling prices of some varieties by about Rs 100 per bale in the middle of the month while its pricing committee recommended a further reduction of selling prices by 10 to 15 per cent on January 21.

The price of cotton (CJ-73) in the Bombay market declined by 7.1 per cent during the month to Rs 1,286 per quintal.

Edible oils

Edible oil imports by the State Trading Corporation (STC) during the current oil year (November 1981-October 1982) were expected to exceed last year's imports of 1.06 million tonnes. During 1980-81, indigenous edible oil production was 2.5 million tonnes. The STC imported 1.06 million tonnes and the private trade 0.3 million tonnes. The total availability was 3.86 million tonnes. During 1981-82 oil year domestic production is estimated at 2.7 million tonnes, import 1.2 million tonnes and total availability at 3.9 million tonnes.

The rabi groundnut crop this season was estimated to be about 15 lakh tonnes as against the normal crop of about 12 to 13 lakh tonnes.

The Union Civil Supplies Ministry allocated 27,350 tonnes of imported edible oils during January to the States for the public distribution system. The total allocation for the first quarter of the current oil year 1981-82 amounted to 87,000 tonnes.

The export of HPS groundnut during 1981-82 would be much below that for 1980-81. The Union Government had allowed an export quota of 55,000 tonnes for 1981-82, i.e. the same as that exported last year. However, the shipments up to January 25, 1982 were only 20,000 tonnes.

The price of groundnut (kernels) in the Kanpur market rose by 9.7 per cent during the month to Rs 555-690 per quintal.

Sugar

Sugar production during December 1981 was higher at 11.77 lakh tonnes as compared to 9.64 lakh tonnes in the same month in 1980. The total production during the first three months of the current sugar season (October 1981-September 1982) was 18.02 lakh tonnes as against 13.99 lakh tonnes during the corresponding period last year.

Despatches of sugar during the month were four lakh tonnes for internal consumption and 0.44 lakh tonnes for exports as against 4.17 lakh tonnes for internal consumption and nil for exports during December 1980. Total offtake during the first quarter of the season was 11.17 lakh tonnes for domestic consumption and 0.44 lakh tonnes for exports as against 10.25 lakh tonnes for domestic consumption and nil for exports in the same period last year. The total closing stock of sugar with the factories at the end of December 1981 was 14.20 lakh tonnes as against 9.71 lakh tonnes at the end of December 1980.

The Union Government released 4.11 lakh tonnes of sugar for internal consumption during February 1982—the same as that for January 1982--consisting of 2.71 lakh tonnes of levy sugar and 1.40 lakh tonnes of free sale sugar.

The tariff value of free sale sugar was raised by Rs 20 to Rs 485 per quintal with effect from February 1, 1982.

The Centre was reportedly considering transfer of the work of distribution of sugar from the Food Corporation of India (FCI) to the States to reduce the workload on the FCI. Some States had already started handling distribution of sugar.

India shipped 40,000 tonnes of sugar for which export deals were concluded in November 1981.

The Reserve Bank of India decided not to raise the cash credit limit to mills despite anticipation of a bumper sugar production this year. This was likely to result in refusal of payment of cane dues to sugarcane growers this season by some of the sugar factories in the country.

The price of sugar (C-30) in the Bombay market declined by 12.1 per cent during the month to Rs 589-600 per quintal.

Tea

The Agricultural Finance Corporation prepared a project for raising tea plantation over an area of 400 hectares in Arunachal Pradesh. The project costing Rs 4.67 crores would be implemented with financial assistance from the Tea Board and the Government of Arunachal Pradesh.

Tea exports during 1981 were 240 million kg. The previous peak was reached in 1976 when 233.61 million kg of tea was exported.

The Chairman of the Tea Board, Mr B.K. Goswami, warned the tea industry that if it failed to fulfil its commitment to raise productivity to at least 2,000 kg per hectare the Government would be forced to withdraw the export subsidy given to the industry.

About 80 representatives from 11 tea producing countries, including China and Kenya, would participate in the February 1982 New Delhi Conference of the intergovernmental group of experts of the tea exporting countries to fix a global export quota under the aegis of the United Nations Conference on Trade and Development (UNCTAD).

In the Bombay market the price of tea increased by 4.3 per cent during the month to Rs 2,400 per quintal.

Coffee

Coffee production during the 1981-82 season was estimated at 1.60 lakh tonnes as against 1.50 lakh tonnes last year. Exports amounted to 68,500 tonnes. Export shipments during 1980-81 totalled 89,000 tonnes valued at Rs 215 crores.

Rubber

Production of rubber during 1981-82 was now estimated at 1.48 lakh tonnes as against the earlier estimate of 1.53 lakh tonnes.

TAX DEDUCTION AT SOURCE IS OBLIGATORY

IF YOU are responsible for paying any

- **SALARIES**
- **INTEREST exceeding Rs. 1,000/- by credit or otherwise (other than Interest on Securities)**
- **AMOUNT TO A CONTRACTOR OR SUB-CONTRACTOR by credit or otherwise where the value of the contract exceeds Rs. 5,000/-.**
- **WINNINGS exceeding Rs. 1,000/- FROM LOTTERIES OR CROSSWORD PUZZLES, OR FROM HORSE RACING in excess of Rs. 2,500/-.**
- **OTHER SUM TO A NON-RESIDENT (other than Interest on Securities or Dividends).**

You are liable:

- ★ to deduct tax at the appropriate rate therefrom.
- ★ deposit the tax deducted to the credit of Government within the time allowed.
- ★ file the appropriate statement with your I.T.O., indicating the deduction made.

Meet your liability well in time
DEFAULT ATTRACTS PENALTY

For further details and guidance approach your I.T.O. or the P.R.O. in the office of the Commissioner of Income-tax.

For attention of recipients

If you are in receipt of any income from the sources mentioned above and your total income justifies deduction of tax therefrom at a lower or NIL rate, you can approach your I.T.O. for a certificate showing such lower rate applicable to you and the person paying the income will then deduct tax only at that rate.

PAY TAXES RIGHT-BUILD NATION'S MIGHT

DIRECTOR OF INSPECTION
(Research, Statistics & Public Relations)
INCOME-TAX DEPARTMENT
New Delhi-110001

davp 81/332

MARUTI UDYOG LIMITED

(A Government of India Undertaking)

requires

GENERAL MANAGER, FINANCE

Rs. 2500—3000/- per month
plus house and car.

The Company is a new Public Sector Undertaking set up to manufacture Passenger Cars & Light Commercial Vehicles. It is, at present, examining various available technologies in the international automotive industry and will be entering into a collaboration agreement with a world reputed auto-maker very shortly. Production is expected to commence in 1983.

THE JOB

The incumbent will be the head of the Finance and Accounts Department and will, therefore, assume total responsibility for all finance and accounting matters of the Company. This is a top management position, reporting directly to the Managing Director. The incumbent should be a person of high professional competence and proven managerial effectiveness with the ability to head a team of young, professional accountants.

THE PERSON

Candidates should be Chartered/Cost accountants, preferably in the age group 40 to 45 years, with a minimum experience of 15 years at senior managerial positions in reputed organisations. Additional qualification of M.B.A. would be an advantage. Knowledge of EDP is also desirable.

Persons working in Public Sector Undertakings at the level of a Deputy General Manager or General Manager are also eligible.

REMUNERATION

The starting salary is negotiable, and will not be a constraining factor for the right person. Other benefits offered include D.A., City Compensatory allowance, leave travel concession, leave encashment, medical reimbursement etc.

Please apply within 3 weeks of this advertisement to

Sr. Executive Personnel,
Maruti Udyog Limited,
6th floor, Hansalaya,
15, Barakhamba Road,
New Delhi-110 001.

giving full details of age, qualification, experience and salaries drawn.

All application and envelopes should be marked PERS/REC/GMF.

davp 910 (3) 81

Special Reports

No agreement on tea exports

From ARVIND BHANDARI

NEW DELHI

IF one were to modify an epigram often found in clubs that take a facetious pride in flaunting their opposition to teetotalism, it would read something like this: "Tea producers of the world unite, for you have nothing to lose except your losses". But unity continues to elude tea producers. This is evident from the outcome of the recently-concluded five-day conference in New Delhi of the major tea producing countries which among themselves account for 95 per cent of the world's production.

The central issue is that unit value realisation of tea has been falling progressively in the world market, harming the economic interest of tea exporting countries. To arrest this trend the tea exporting countries must arrive at an international agreement which would envisage world supply management on the basis of predetermined country-wise export quotas and regulation of expansion of the acreage under tea.

The crux of the matter is how to fix the export quotas. The conference was not able to register any meaningful progress in regard to resolution of differences over the formula for quota allocation. Therefore, the participants satisfied themselves by merely reiterating their determination to continue to jointly work towards an agreement that would impose discipline on tea exporters in regard to acreage, production and export and thus facilitate supply management. The thread will now be picked up at the third session of the *UNCTAD*-sponsored Inter-Governmental Group on Tea which meets in Geneva on May 3.

The Delhi meeting, sponsored by *UNCTAD,* was attended by Argentina, Bangladesh, Burundi, China, India, Indonesia, Kenya, Malawi, Mauritius, Mozambique Sri Lanka, Tanzania, Uganda, Papua, New Guinea, Rwanda, Vietnam and Zimbabwe. Since India is the world's largest producer and exporter of tea, the conference, appropriately, was chaired by Mr C. Venkataraman, Additional Secretary, Ministry of Commerce.

Formula for export quotas

Much store was laid by the Delhi conference in spite of the failure of similar conclaves in Blantyre, Bandung and Salisbury. In May 1981 *UNCTAD* presented at Geneva a draft for an agreement which incorporated a particular formula for export quota allocation. This met with reservations from some countries, particularly Kenya. In a bid to enable the tea exporting countries to tide over their differences *UNCTAD* in September 1981 arranged a meeting between India and Sri Lanka, the two largest exporters, and Kenya, diplomatically choosing Nairobi as the venue. In the wake of this skilfully arranged informal "meet of the three" *UNCTAD* revised its earlier draft and circulated the revised version to the tea exporting countries in November 1981. It was this revised draft which comprised the agenda of the Delhi meeting and which had engendered some optimism, *albeit* cautious. But mediatory efforts of Mr. L. Hulugalle, Chief of Commodities Division, *UNCTAD,* failed to resolve the differences. In fact, Mr. Hulugalle's departure before the completion of the conference signalled the failure of the exercise.

Bombay spot exchange rates of currencies as on 1-3-1982

(Currency units per Rs 100)

Country	Currency	Selling T.T.D.D	Buying T.T. clear
Australia	A. $	9.950	10.165
Austria	A. Schilling	178.00	181.80
Belgium	B. Franc	467.50	477.50
Canada	C. $	13.100	13.365
Denmark	D. Kroner	85.50	87.15
France	Franc	65.00	66.40
Hong Kong	H.K. $	62.85	64.15
Italy	Lira	13707	13985
Japan	Yen	2548	2598
Malaysia	M. $ (Ringgit)	24.70	25.19
Netherlands	Guilder	28.01	28.58
Norway	N. Kroner	64.10	65.45
Singapore	S. $	22.54	22.99
Sweden	S. Kronor	61.80	63.10
Switzerland	S. Franc	20.26	20.26
UK	£	5.9105	5.9540
USA	$	10.685	10.790
West Germany	D.M.	25.53	26.03

Source: Syndicate Bank, Foreign Exchange Division Central Office Bombay 21

Tea prices have not only not kept pace with inflation but have been falling steadily. In the London auction centre, from a peak of nearly 180 pence in early 1980 for five broad gradings, prices came down to 96.12 pence a kilogram in 1981. The price trends in poorest grades have been still worse. In 1981, on an average, these were being sold at 77 pence a kilogram. India, which sells medium varieties mostly, was thus in no enviable position.

Differences

The differences over the formula for allocation of export quotas involve technicalities and are not easily understandable to a layman. In simplistic terms the situation is as follows: Since the basic idea is to regulate the supply of tea to importing countries in order to improve the unit value realisation, there is a scramble among tea exporters to secure as high an export quota as possible. The yardstick for determining the quota is annual tea yield, which is arrived at by dividing production by the planted area. Now a tea plant begins to produce after two to three years, reaches full production in the seventh to ninth year. New entrants on the tea scene contend, with obvious justification, that they have a larger proportion of immature tea plantations and that if this is not taken into account and their production is mechanically divided by the total planted area, the resulting yield figure would be unjustly low, thus adversely affecting their export quota.

Initially *UNCTAD* was of the view that the world mix of mature, not-so-mature and immature tea plantations is such that a uniform time-lag of five years for all producers would be a reasonable solution. Therefore, in its initial draft *UNCTAD* stipulated that the average annual tea yield in the base period for each country should be computed for each country by dividing annual tea production by the total planted area, where the planted area was lagged with respect to production by a period of five years. The new tea producers protested. Therefore, after the September 1981 "meet of the three" in Nairobi, *UNCTAD* refined its formula, suggesting three different periods for lagging the planted area with respect to production in accordance with an exporting country's mix of mature and immature tea plantations. For countries with a high proportion of mature plantations the lag suggested is four years. The suggested lag for the medium group is five years, and for countries with a high proportion of new plantations it is six years.

The three suggested groupings for the bigger tea producers are as follows:

Country	Percentage of matured area	Time-lag
Bangladesh	97	4 years
Sri Lanka	98	"
India	94	"
Mozambique	98	"
Indonesia	84	5 years
Malawi	85	"
Argentina	87	"
Tanzania	66	6 years
China	58	"
Kenya	65	"

Export potential

This refined formula constitutes the central part of the revised *UNCTAD* draft for an international agreement. In accordance with this formula, *UNCTAD* has also worked out the export potential of the major tea countries as shown in Table 1.

India has been leading the tea exporting countries with sales of 225 thousand tonnes in 1980 and 240 thousand tonnes in 1981. This means that under the revised *UNCTAD* formula India would be a marginal loser, while the number two exporter, Sri Lanka, would be a marginal gainer. The most notable gainer, as the table shows, would be Kenya. And yet Kenya, along with other east African tea producers, has been the most contentious country in the councils of tea exporters. China, much more taciturn than the vociferous Kenya, has been doing equal damage to the cause of unity among tea exporters by undercutting its competitors by charging "political prices".

Kenya's stand

Kenya's stand is worth examining. It has made rapid strides in tea expansion, doubling its production in the last 10 years. The Kenya Tea Development Corporation has been remarkably effective in harnessing the enthusiasm of small growers to develop a dynamic tea industry. Moreover, Kenyan tea is of high quality and even now fetches 115 to 120 pence per kilogram in the London auction market. Therefore, Kenya is not only reluctant to check the momentum of a growing export industry, the fact that Kenyan tea continues to fetch a comparatively high price in the world market has induced a certain complacency in Nairobi. As such, Kenya is less keen than the other tea exporters on reaching an international tea agreement which would put restrictions on production and exports. Such a stand can only be described as short-sighted. It is true that in the short run Kenya and other tea exporters may, as a result of an agreement, be compelled to make do with a slower growth in foreign exchange earnings and tea-based employment as the industry is labour-intensive, but in the long-run an improvement in the terms of trade for tea would yield much greater dividends to all the tea exporters.

Table 1 : Export potential of tea producers

(in thousand tonnes)

Country	Average annual exports	1983	1984	1985	Percentage
India	199.3	218.9	220.06	222.4	26
Sri Lanka	188.4	198.4	198.4	198.9	23.4
Kenya	83.1	119.4	126	130	15.3
Indonesia	55.8	74.6	74.6	75	8.8
China	42	64.7	68.2	71.4	8.4
Malawi	35.6	36.4	37	37	4.3
Argentina	28.9	38.6	38.6	38.6	4.5
Bangladesh	29.8	35.1	35.1	35.3	4.1
Mozambique	15.3	21.8	21.8	21.8	2.6
Tanzania	14	19.1	20.3	21	2.5

The *UNCTAD* formula for quota allocation also envisages the establishment of a buffer stock of 15,000 tonnes which would be used to maintain the world price of tea within a stipulated range. Such a fund would be financed by both the exporters and importers. It would also receive assistance from the Common Fund established last year under *UNCTAD's* integrated programme for commodities. The stipulated range beyond which the tea price would not be allowed to fluctuate would be determined by the maximum and minimum "market indicator" prices calculated by taking the average of the tea prices at the auction centres of Calcutta, Cochin, Colombo, Jakarta and Mombassa. Only countries with a tea production of over 10,000 tonnes would come under the export quota and buffer stock obligations.

The proposed package necessarily involves regulation of tea acreage and production in the producing countries. *UNCTAD* has estimated that since 1970 world tea production has been increasing at the rate of 3 per cent per annum, whereas consumption has been increasing at the rate of only 2 per cent. To bring down the rate of increase of production to 2 per cent the rate of increase of productive area should not exceed 1 per cent. Acceptance of export quotas by the exporting countries also involves sharing of the responsibility to regulate the growth of tea acreage.

At the Delhi conference Kenya insisted on a higher export quota than that warranted by even the revised *UNCTAD* formula on the ground that special consideration should be given to those countries whose tea industry had been temporarily disrupted by unusual circumstances. It said that in 1979 its tea industry had been adversely affected by drought. The meeting agreed to examine the special consideration clause. Kenya and some other African countries opposed the *UNCTAD* stipulation that in the quota year the exporting country would have to declare by a given date any surplus or shortfall in production likely to occur during the year. The meeting agreed to strike out this clause and decided that there would be no quota re-allocation in the event of a fluctuation in production, although this would run counter to the objective of maintaing balance between global supply and demand.

Kenya and its supporters were also opposed to buffer stocking operations on the ground that, tea being a perishable commodity, maintenance of such stocks would result in deterioration of quality. Anticipating opposition to this clause, *UNCTAD*, in collaboration with the *FAO*, had actually prepared an alternative draft with a modified export quota formula which obviated the need of a buffer stock. This alternative draft was also circulated at the conference. Again, Kenya and its supporters resisted the proposed restrictions on acreage expansion on the ground that enforcement of this measure involved practical difficulties.

Minimum quality standard

Being an exporter of high quality tea, Kenya understandably took the lead in demanding that there should be a certain minimum quality standard for tea exports. All participants readily agreed to this. All sub-standard tea — such as waste teas, stale teas, and contaminated teas — should be excluded from export. A technical committee of experts is to be set up to examine the elements of a minimum export standard and the modalities of its implementation. The committee would also recommend appropriate research and development activities to be undertaken on a cooperative basis to improve field and factory operations of the tea industry. Mr. K.K. Mitra, Director of Tea Development, Indian Tea Board, was nominated to the committee, which is to complete its work by October 31.

It was stressed that efforts should be made to boost the consumption of tea. Improvement in the quality of tea exported would naturally aid this objective, but this was not enough Mr. Tarlok Singh Broca, executive director of the Rotterdam-based International Tea Promotion Association, emphasised that special long-drawn efforts would have to be made to promote the demand for tea in existing and new markets. The cost of tea promotion would be high and both the exporting and importing countries should share it. Financial support should also come from the Common Fund. Care should be taken to ensure that the campaign is not on a country-wise or brand-wise basis.

The idea of having an international tea agreement is not new. In the thirties, when the tea prices crashed, associations of major tea producers in India, Sri Lanka and Indonesia got together and reached the International Tea Agreement of 1933. This helped in regulating production and the tea prices improved. It must however be remembered that reaching an agreement in those times was a simpler affair. It was mainly an agreement between two governments, British and Dutch. International trade in tea was geared mainly to service markets in U.K. and the Netherlands, both for consumption and re-export.

Marketing system

The tea marketing system as it has evolved over the last number of decades also places the exporters at a disadvantage vis-a-vis the importers. Tea conglomerates which had their origins in the U.K. and the Continent continue to play a major role in the global tea market as investors and traders. They still have a grip over producing countries, including India and Kenya. It is more profitable and convenient for them to import bulk teas from Asia, Africa and South America for blending and packing in their plants in the U.K. and Europe and then distributing the end-product. Therefore, auction sales in London take place at prices which can be influenced by powerful bidders. Auction prices in London influence prices all over the world. Here is an example of manipulation. Recently, the London tea trade engineered a temporary spurt in prices, the purpose being to lure away supplies from the newly opened Singapore auction centre. Thus ensuring of better terms of trade for the tea producing countries requires not only supply management but also freeing of the world tea trade from the stranglehold of entrenched transnational organisations.

Discussions to have some kind of an international agreement on tea have been going on since 1965 under the auspices of *UNCTAD* and *FAO*. Interlocutors on all sides have noted the encouraging experience of 1933. Equally notable has been the more recent experience of supply management in respect of some other commodities like sugar, coffee and tin. But still, despite the fact that the *UNCTAD* sub-group of tea exporters has met 11 times since 1965, a tea agreement remains a receding mirage.

Retail prices of essential commodities in Bombay

Compiled by Commerce Research Bureau

Item	Quality	Rs per kg				Percentage variation on Feb 26, 1982 over		
		Feb. 26, 1982	Feb. 19, 1982	Jan. 29, 1982	Feb. 27, 1981	A week ago	A month ago	A year ago
Rice	Average	3.80	3.80	3.80	3.00	—	—	26.7
Wheat	Average	3.90	3.90	3.90	2.80	—	—	39.3
Jowar	Average	2.50	2.50	2.50	2.20	—	—	13.6
Bajra	Average	2.50	2.50	2.50	2.20	—	—	13.6
Gram dal	Average	5.00	5.50	6.00	6.40	−9.1	−16.7	−21.9
Tur dal	Average	6.00	6.00	6.50	6.80	—	−7.7	−11.8
Potatoes	Average	1.80	1.80	2.00	2.00	—	−10.0	−10.0
Onions	Average	1.50	1.50	1.50	1.00	—	—	50.0
Milk per litre	Buffalo	5.40	5.40	5.00	4.90	—	8.0	10.2
Tea	Average	24.00	24.00	24.00	24.00	—	—	—
Coffee	Average	18.00	18.00	18.00	17.50	—	—	2.9
Kerosene per litre	—	1.66	1.66	1.66	1.49	—	—	11.4
Bread (400 gm)	—	1.55	1.55	1.55	1.40	—	—	10.7
Sugar	Average	5.80	6.00	6.20	7.60	−3.3	−6.5	−23.7
Gur	Average	4.50	5.00	5.00	5.00	−10.0	−10.0	−10.0
Groundnut oil	Average	15.00	15.00	14.50	13.00	—	3.4	15.4
Vanaspati	Average	16.00	16.00	15.00	—	—	6.7	—
Toilet soap	—	1.95	1.95	1.95	1.90	—	—	2.6
Exercise book (200 pages)	—	2.50	2.50	2.50	—	—	—	—

NOTICE

UNIVERSAL STEEL & ALLOYS LIMITED

It is hereby notified for the information of the public that UNIVERSAL STEEL & ALLOYS LIMITED has made an application to the Central Government in the Department of Company affairs, New Delhi, under subsection (2) of Section 22 of the Monopolies and Restrictive Trade Practices Act, 1969, for approval for the establishment of a new undertaking for manufacturing and marketing of sponge iron. The annual production of the new undertaking is estimated to be Rs 30.00 crores. Other particulars of the proposed new undertaking are as under :–

(i)	Name of the proposed undertaking	: No new name will be given to this new undertaking.
(ii)	Name(s) of person(s) or Authority/authorities proposing to establish the new undertaking. Where it is a body corporate, furnish details of its management structure together with those of the proposed undertaking.	: Universal Steel & Alloys Ltd is managed by a Managing Director. The new undertaking will be managed by existing management of Universal Steel & Alloys Ltd.
(iii)	Capital structure of the applicant person or authority and of the proposed undertaking;	
	Authorised capital of the Company;	: Rs 2.00 crores consisting of 15,00,000 equity shares of Rs 10 each and 50,000 Cumulative Preference shares of Rs 100 each.
	Issued, subscribed and paid up;	: Rs 57.50 lacs consisting of 5,75,000 equity shares of Rs 10 each fully paid up.
(iv)	Proposed location of the new undertaking	: In the State of Madhya Pradesh.
(v)	Brief outline of the cost of project, the scheme and source of finance;	: The estimated capital outlay is is Rs 21.00 crores which is proposed to be financed as under :

i)	Own resources including issue of shares/debentures	Rs 7.00 crores
ii)	Long term borrowing	Rs 14.00 crores

Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Govt. of India, Shastri Bhawan, New Delhi, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

Dated this 24th day of February, 1982
Regd. Office : Allahabad Bank Building 17 Parliament Street New Delhi-110 001.

S.S. KANWAR
Managing Director

NOTICE

FORBES FORBES CAMPBELL & CO. LIMITED.

It is hereby notified for the information of the Public that FORBES FORBES CAMPBELL & CO. LIMITED proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi under sub-section (2) of section 22 of the Monopolies and Restrictive Trade Practices Act, 1969 for approval for the establishment of a new undertaking for acquiring one new/secondhand geared bulk carrier and to carry on business as Shipowners and carriers of cargoes by Sea/Water. Other particulars of the proposed new undertaking are as under :–

(i)	Name of the proposed undertaking	: The proposed undertaking will be a division of FORBES FORBES CAMPBEL & CO. LIMITED.
(ii)	Name(s) of person(s) or authority/authorities proposing to establish the new undertaking; where it is a body corporate furnish details of its management structure together with those of the proposed undertaking.	: FORBES FORBES CAMPBELL & CO. LIMITED.
(a)	Management structure of the applicant undertaking.	The applicant undertaking is managed by the Board of Directors, mentioned below :

1.	Mr. G. Khandwala	*Chairman*
2.	Mr N. A. Soonawala	*Vice-Chairman*
3.	Mr F. H. Kemple	
4.	Mr D. J. Madan	
5.	The Hon. R. D. Campbell	
6.	Mr K. S. Gaekwar	
7.	Mr. M. K. Tata	
8.	Mr M. H. Mody	
9.	Mr D. B. Engineer	
10.	Mr S. P. Mehta	
11.	Mr N. M. Mehta	
12.	Mr Akbar Hydari	

(b)	Management structure of the proposed undertaking.	: Same as of the applicant undertaking.
(iii)	Capital Structure of the applicant undertaking and of the proposed undertaking.	: Authorised Capital .. .. .. Rs 2,00,00,000/- Issued and Subscribed Capital .. .. Rs 1,66,54,800/- Paid-up Capital .. .. .. Rs 1,50,49,320/-
(iv)	Proposed location of the new undertaking	: Bombay — Maharashtra
(v)	Brief outline of the cost of the project, the Scheme and Source of Finance.	: Cost of acquisition of one new/secondhand Geared Bulk Carrier 35,000 DWT will be upto Rs 20,00,00,000/- 20% of the cost of the ship to be financed by the applicant Company through its internal resources and balance of 80% to be financed by borrowings in foreingncurrencythrough yard credit and/or Euro-dollar loans.

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi within 14 days of publication of this Notice intimating his views on the proposal and indicating the nature of his interest therein.

Dated this 26th day of February, 1982.

Registered Office :
FORBES BUILDING.
Charanjit Rai Marg, Fort, BOMBAY-400 001.

For FORBES FORBES CAMPBELL & CO. LTD.

(G. KHANDWALA)
Chairman

TAMIL NADU BUDGET

Some sops to the poor

MADRAS

THE highlight of the 1982-83 Tamil Nadu budget, presented by the Finance Minister, Mr V.R. Nedunchezian, to the State Legislature on February 26 is a Rs 100-crore programme to provide at least one nutritious meal a day to all poor children in the age group two to ten. To be implemented from July 1, 1982, this scheme will provide free noon meals to pitiably poor children with no means even for a meal a day.

To finance this programme the State Government has made a certain change in the tax structure *viz.* a single point sales tax of 5 per cent will be imposed on handloom fabrics. The present nine per cent rate on electrical goods will be raised to ten per cent, and that on imported foreign liquor and Indian made foreign liquor will go up from 25 per cent to 50 per cent. Sales tax on motor vehicle parts and accessories will now be raised from 13 per cent to 15 per cent and on tyres and tubes from ten per cent to 12 per cent. Sales tax on biscuits, toffees and confectionery sold under brand names will be raised to 12 per cent as against the present eight to ten per cent, that on cement from 10 per cent to 12 per cent and on cotton yarn and blended cotton yarn sold for powerlooms in the form of cones from three per cent to four per cent. To help the poorer sections of society, the State Government has decided to halve the sales tax on kerosene to four per cent. All the above changes will come into effect from March 1, 1982.

The Finance Minister announced that the urban land tax, so far levied on the basis of market value as on July 1, 1971, will hereafter be levied on the basis of market value obtaining on July 1, 1981. Suitable legislation will be brought in for this purpose.

Mr Nedunchezian had a word of cheer to pensioners and old age pensioners: the minimum pension of retired government employees will be raised from Rs 100 to Rs 125 per month benefiting 43,500 persons and old age pension to the poor from destitute will go up from Rs 25 to Rs 35 per month. The old age pensioners will continue to receive foodgrains and clothes free of cost. The rise in old age pension will benefit two lakhs of destitutes

---

Budget impact not discouraging

By: SCRUTATOR

MIXED trends were noticeable on the stock exchanges in the country during the pre-budget and post-budget sessions. Cement and steel shares were in demand owing to the concessions announced by the Union Finance Minister. It was felt that cement companies will have an eventful year, thanks to the partial decontrol while steel industry will get a boost because of the likelihood of construction activity picking up in the near future. The marketmen felt that the Budget proposals would not affect the capital market adversely.

Relaxation in the investment avenues and simplification of the procedure pertaining to the non-resident Indians, a raise in the tax exemption limit on dividend. units etc from Rs 3,000 to Rs 4,000 as well as an increase in tax exemption limit for investment in the shares of new companies from Rs 10,000/- to Rs 20,000/- have been favourable factors for the stock market fraternity and investors at large.

Dyestuff scrips also displayed recovery. Premier Auto, Reliance Textiles, ACC, Tata Steel, Zenith Steel, Indian Hotels and host of others met with sustained enquiries. A section of the market felt that considering the credit squeeze experienced by the trade and industry, the Union Finance Minister should have taken adequate steps to leave more disposable income in the hands of individuals as well as the corporate sector to augment savings. The absence of any fiscal relief to the corporate sector was disappointing as was the discriminatory tax treatment between small and big companies,.

Nothing much has been done to revive the sick textile industry. Concessions given in the form of excise reliefs for increasing the productivity are hard to achieve for any industrial unit, considering the shortage of working capital, lack of adequate infrastructural facilities with special reference to power, and general industrial unrest in the country. On the other hand, in the absence of additional production and productivity, the rate of inflation has eroded the real profits of the concerns and has also been responsible for the unwelcome development of the parallel economy.

No action has been taken to remove the retrospective amendment (reference to Section 80J of the Income-tax Act) which has been causing hardship to various industrial undertakings with reference to the definition of capital employed.

The continuation of the investment allowance for another five years had been generally anticipated and there is disappointment over the absence of incentives for implementing modernisation and expansion programme and the much desired liberalisation of depreciation allowance. The proposal relating to taxation of capital gains has been welcomed though it is felt that the deduction for tax purposes is not very generous. The capital investment bond is designed to attract private savings for public sector investment. It is feared that it will affect the flow of capital to stock market.

The dividend payment records of public limited companies in the private sector listed with the stock exchanges showed a marked improvement in 1981 over the previous year. While the number of companies stepping up their dividends on equity shares increased, the number of companies skipping dividend continued to decline in 1981.

An analysis of the dividend payment records reveals that in 1981 out of 923 public limited companies, 145 companies (15.7%) skipped dividend; 189 companies (20.5%) declared dividend ranging from 1% to 10%, 288 companies (31.2%) from 11% to 15%, 220 companies (23.8%) from 16% to 20%, 66 companies (7.2%) from 21% to 25% and 15 companies (1.6%) at rates of more than 25%.

The Union Government has granted permanent recognition to three Stock Exchanges viz. Delhi, Ahmedabad and Madras under Section 4 of the Securities Contract Regulation Act with effect from 1st March 1982. The discussion on the Budget could be summed up with an anecdote of Bernard Shaw *viz.* "There are two tragedies in life: one is to get what you want and the other is not to get what you want."

INDIAN ECONOMY : BASIC INDICATORS

By Commerce Research Bureau

WEEKLY INDICATORS

Wholesale Price Index (1970-71 = 100)

	During the week ended				Percentage variation			
	Feb 6 1982	Jan. 30 1982	Jan. 9 1982	Feb. 7 1981	Over a week	Over a month	Over a year	Over two years
Manufactured products	261.6	262.8	263.7	258.2	−0.5	−0.8	1.3	13.7
Primary articles	264.9	264.8	266.3	253.2	—	0.5	4.6	22.2
Fuel, power, lubricants etc.	437.5	437.5	437.5	387.3	—	—	13.0	44.2
All commodities	277.9	278.4	279.5	267.0	−0.2	−0.6	4.1	20.5

Money and Banking (Rs crores)

	During the week ended				Percentage variation			
12	Feb. 12 1982	Feb. 5 1982	Jan. 15 1982	Feb. 13 1981	Over a week	Over a month	Over a year	Over two years
Money supplY (M3) (c)	61,554(a)	61,430	61,580	53,857(a)	0.2	—	14.3	34.1
Bank credit	29,900	29,778	29,688	24,979	0.4	0.7	19.7	41.2
Aggregate deposits	43,194	43,256	43,524	26,993	−0.1	−0.8	16.8	38.7
Foreign exchange reserves (a)	3,661	3,906	4,178	5,395	−6.3	−12.4	−32.1	−37.1

MONTHLY INDICATORS

	Latest month			Previous month	Precentage variation over previous month	Recent trend(c) (per cent)
	Unit	Month	Amount/ Index			
Industrial production (crude Index)	1970=100	Dec. 1981	171.6(a)	160.5(a)	6.9	9.1
Exports	Rs. crores	Oct. 1981	483	456	5.9	2.5
Imports	Rs crores	Oct. 1981	800	567	41.1	−4.2
Trade balance	Rs crores	Oct. 1981	−317	−111	—	—
Foreign exchange reserves (a)	Rs crores	Jan. 1982	4,077	3,940	3.5	−18.7
Wholesale price Index	1970-71=100	Dec. 1981	277.3	280.1	−1.0	10.8
Consumer price Index for Industrial workers	1960=100	Dec. 1981	460	462	−0.4	13.4
Unemployment (d)	Lakhs	Aug. 1981	171.6	170.1	0.9	9.6

ANNUAL INDICATORS

	Unit	1981-82	1980-81	1973-74	% variation in 1981-82 over 1980-81	Annual growth rate between 1973-74 & 1981-82
Gross National Product (at market prices)	Rs crores	1,45,000(a)	1,30,000(a)	53,447	11.5	13.3
Per capita GNP (at market prices)	Rupees	113.8(a)	1,952	923	7.6	10.8
Real national income	1970-71=100	145.4(a)	139.2	105.4	4.5	4.1
Real per capita income	1970-71=100	1113.8(a)	110.1	98.5	4.5	4.1
Agricultural production	Triennium ending 1969-70=100	139.3	135.2	112.4	3.0(b)	2.7
Foodgrains production	Million tonnes	134.0	130.0	105.0	3.1(b)	2.7
Industrial production	1970=100	166.3	154.0	112.6	8.0(b)	5.0
Exports	Rs crores	7,700(b)	6,709	2,523	14.8	15.0
Imports	Rs crores	13,200(b)	12,465	2,955	5.9	20.6
Trade balance	Rs crores	−5,500(b)	−5,756	−432	—	—
Foreign exchange reserves*	Rs crores	—	5,316	764		
Monely supply (M3) (c)	Rs crores	—	55,314	17,571	—	—
Bank credit	Rs crores	—	25,270	7,339	—	—
Aggregate deposits	Rs crores	—	37,847	10,139	—	—
Wholesale prices (average)	1970-71=100	282.3(b)	257.3	139.7	9.7(b)	9.2
Consumer price Index for industrial workers	1960=100	—	420	275	—	—
Unemployment (d)**	Lakhs	—	162	82	—	—

Notes: (a) CRB estimates (b) official estimates (c) Includes currency with the public, deposit money of the public and time deposits with banks (c) Percentage change during the current fiscal year up to the latest month indicated as compared with the corresponding period in the preceding year (d) Number of job seekers on live register of employment exchanges * Financial year-ed data ** Calender year-end data (—) = Note available

above the age of 65 years, destitute widows above the age of 40, destitute agricultural labourers above the age of 60 and destitute blind irrespective of

While changes in the tax structure should yield a revenue of Rs 38 crores in the next financial year, the concession will cost the Government Rs 7 crores, leaving a net increase in revenue of Rs 31 crores. Adding the Rs 100 crores feeding scheme the budgetary gap will widen from the originally anticipated Rs 135.44 crores to Rs 204.44 crores. Estimated receipts for the year are put at Rs 1,569.49 crores and expenditure at Rs 1,773.93 crores.

The budget has allocated Rs 772.61 crores for plan projects. As in the previous year, power development gets the highest allocation — 29 per cent of total plan outlay as against 26 per cent at present. True to the spirit of the monetary principle enumerated by the late Mr C.N. Annadurai, the Finance Minister has attempted to tap the rich by making them to pay more for luxuries like silk fabrics and foreign liquor, in order to feed hungry mouths. However, the higher sales tax on motor vehicle parts, tyres and tubes would push up travelling cost and the increase in sales tax on cement would further fuel the cost of house building. While the government pensioners and old age pensioners would thank the Government for small mercies shown to them, children will curse the Finance Minister for taxing their chocolates and biscuits.

Unofficial foreign currency rates in Hongkong

(Hongkong $ as on Feb 22, 1982)

	High	Low	T.T.
Australian $	6.38	6.31	6.4575
Belgian Franc (100)	13.50	12.00	14.830
British £	10.95	10.75	11.000
Burmese Kyat (100)	25.00	15.00	
Canadian $	4.86	4.81	4.8925
French Franc	0.985	0.96	0.9950
Indian Rupee (100)	53.00	51.00	64.35
West Germany DM	2.505	2.46	2.5305
Indonesian Rupiah (100)	0.90	0.85	
Italian Lira (100)	4.50	4.25	
Japanese Yen (100)	2.535	2.46	2.5805
Korean Won (100)	0.85	0.80	
Malaysian $	2.55	2.52	2.5715
Netherlands Guilder	2.275	2.245	2.3050
New Zealand $	4.80	4.60	4.7640
Pakistan Rupee (100)	4.30	3.80	5.680
Philippine Peso	0.69	0.67	0.7245
Singapore $	2.795	2.77	2.8220
South African Rand	5.50	5.20	6.0895
Sri Lanka Rupee (100)	30.00	23.00	
Swiss Franc	3.13	3.10	3.1830
Taiwan $	14.80	14.50	
Thai Baht (100)	25.90	25.30	

CORPORATE SECTOR

Other developments

Kanoria Wisconsin Centrifugal

Kanoria Wisconsin Centrifugal Ltd (Regd. Office: 4 India Exchange Place, Calcutta 700 001) is entering the capital market on March 15 with a public issue of 367,500 equity shares of Rs 10 each, totalling Rs 36.75 lakhs, to raise part of funds for its Rs 2.30-crore project coming up at Kalyani near Calcutta. The issue will close on March 25 or earlier but not before March 17.

Mr S. K. Dam, president of the company, told newsmen in Bombay that the project had made considerable headway and would go on trial runs by May next. It is licensed to manufacture 500 tonnes annually each of alloy steel castings and centrifugally cast alloy steel reformer tubes. The know-how to be provided by Wisconsin Centrifugal Inc of USA will use centrifugal process, a latest innovation, to make precision castings of highest standards and longer life at much cheaper cost compared to castings made by conventional methods. The project will cater mainly to the needs of steel plants, fertiliser plants, etc in the eastern region. It is expected to break even at 45 per cent of capacity, according to Mr Dam, yielding a turnover of rupees one crore in the first full working year.

Gluconate Ltd to produce pethidine

Gluconate Ltd, a relief undertaking of the West Bengal Government, has resumed production of pethidine hydrochloride powder — the basic drug for manufacturing life saving pethidine ampoules, after a year. The company, which is the only manufacturer of the drug in the country, is producing 1.5 kg of the powder per day; 35 to 40 kg per month.

The company's highest annual production of the powder so far has been 150 kg. The company would like to reach a production target of 400 kg by 1982. It has launched a Rs 3.50 lakh project at Dum Dum for the manufacture of pethidine on a wider scale.

Gluconate Ltd has also resumed production of klofen, a liquid detergent, a couple of months ago. It is now producing 1,000 tins of 5 litres each a month. It also proposes to introduce some new products in the market such as, Ethumbutol-'G', a drug for T.B. patients, vitamin C drops for infants, sulphamethaxazole cum Triomethoprim tablets, which are broad spectrum anti-infection drugs and doxycycline capsules, which are antibiotics.

The company is on the path of recovery. Its production rose to Rs 1.32 crores for the period January to October 1981 from Rs 1.04 crores for the corresponding period in 1980. The provisional working results for 1981 show a profit of Rs 371 lakhs.

In the market

Ashok Leyland performs well

Despite serious constraints like shortage of critical materials and components and a three-month lockout at the Hosur plant, production and sales of vehicles by Ashok Leyland Ltd increased by 15 per cent and sale of parts by 20 per cent during the year ending December 31, 1981. There was, however, a slight decline in the sale of industrial and marine engines due to the recessionary situation.

Gross profit (before depreciation and financial expenses) amounted to Rs 31.42 crores (against Rs 21.76 crores in the previous year). The company maintained the rapid tempo of implementation of its expansion programme and incurred a capital expenditure of Rs 31.03 crores (Rs 34.71 crores). The costs associated with expansion *viz* depreciation Rs 6.90 crores (Rs 4.86 crores) were substantially higher. Due to the tax benefit from the high capital expenditure, no tax provision is required for 1981 also and the profit after tax at Rs 15.05 crores is higher by 19 per cent over Rs 12.65 crores of previous year. Investment allowance reserve and debenture redemption reserve absorb Rs 4.50 crores and Rs 9 lakhs respectively (Rs 4.41 crores and Rs 17 lakhs)

Premier Construction earns more

Premier Construction Co Ltd has earned a net profit of Rs 56.42 lakhs for the year ended December 1981 compared to Rs 38.48 lakhs earned in the previous year, after providing Rs 24.75 lakhs (Rs 19.25 lakhs) for taxation. The equity dividend recommended for the year under review, is 25 per cent (20 per cent). An amount of Rs 20.18 lakhs (Rs 3.15 lakhs) is transferred to general reserve.

Punjab United Pesticides and Chemicals' sales up

Sales of Punjab United Pesticides and Chemicals Ltd of the year ended September 1981 increased to Rs 1.90 crores from Rs 1.60 crores in the previous year. The net profit after providing Rs 11.34 lakhs (Rs 11.76 lakhs) for depreciation was Rs 9.53 lakhs (Rs 8.99 lakhs). The equity dividend recommended for the year under review is 10 per cent. An amount of Rs 2.04 lakhs (Rs 2.38 lakhs) is transferred to general reserve. Production of malathion during the year under review, was 608 tonnes (403 tonnes).

Forthcoming company meetings

MARCH 6 TO MARCH 12

SIEMENS INDIA LTD, Patkar Hall, SNDT Women's University, 1, Nathibai Thackersey Road, Bombay 400 020.
(March 9, 4 p.m.)

FICOM ORGANICS LTD, Kamalnayan Bajaj Hall, Bajaj Bhavan, Ground Floor, Nariman Point, Bombay 400 021.
(March 12, 3.30 p.m.)

HINDUSTAN OXYGEN GAS COMPANY LTD, Gujarat Chamber of Commerce, Industry Hall, Ashram Road, Ahmedabad 380 001.
(March 12, 1 p.m.)

RAVALGAON SUGAR FARM LTD, M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg Bombay 400 023.
(March 12, 4 p.m.)

DEFENCE MATERIALS & STORES RESEARCH & DEVELOPMENT ESTABLISHMENT, KANPUR

Tenders are invited from manufacturers/accredited Agents, Reputed stockists and dealters by the Director, DMSRDE, Post Box No. 320, Kanpur for the following :-

Case No Prov/1/81/LP : Methyl Chloride Gas Drying Unit

SALIENT FEATURES : The outstanding features of Heat-Reactivated Dryer is its advanced design for maximum drying efficiency. It may be operated on any flow from Zero to maximum rated capacity. In particular should have the following features :

1. Counter-current hot air reactivation to provide maximum removal of adsorbed moisture for a better drying efficiency. 2. Instead of Conventional 4 Way lubricated plug Valves 2-Way Control Valves are required to avoid leakage and lubrication. 3. Repressurisation Circuit is to be included as a standard feature. This will allow raising the pressure of regenerated desiccant chamber to full line pressure gradually before switch over to : (a) eliminate desiccant attrition by preventing bed movement (b) avoid line pressure surges downstream of the dryer. (c) avoid surges in dry gas flow rate.
4. The Electrical Heaters must be Inconel sheathed which can take up to 650°C skin temperature to avoid burnout chances. 5 Air or Nitrogen is to be used for reactivition to avoid the loss of methyl chloride gas.
6. Moecular Sieves must be used for drying gas as it has high adserption capacity even at low R.H. of inlet moist gas.

TECHNICAL SPECIFICATION

1. CAPACITY	FLOW RATE		
	Minimum	Normal	Maxm.
	2.5m^3/hr	10m^3/hr	15m^3/hr

2. MOIST GAS INLET CONDITIONS :	
a) Initial Moisture content	100 ppm.
b) Pressure	5.00 Kgs/Cm^2
c) Temperature	30°C.
3. DRY GAS OUTLET CONDITIONS	
a) Final Moisture content	0.5 to 1 ppm.
b) Pressure	4 Kg/Cm^2
c) Temperature	40°C Max
4. Type of desiccant	Molecular Sieves
5. Pressure Drops through Unit	0.1 Kg/Cm^2
6. CYCLE TIME :	
Adsorption	24 hours
Reactivation	24 hours
1. Heating	3hours
2. Cooling by natural convection	21 hours
Total Cycle time	48 hours (24 hrs + 24 hrs).
7. ADSORPTION TOWERS :	
a) Design pressure	5.0 Kg/Cm^2
b) Code of Construction	IS-2825
c) Material of Constant	Mild Steel

8. FILTERS :	PREFILTER	AFTERFILTER
a) Filtering Media	Sintered Bronze Filter	Sintered
b) Design pressure	5.0 Kg/Cm^2	5.0 Kg/Cm^2

9. HEATER :	
Type of Heating elements	Inconel Sheathed Elements.
Material of Construction of Heater Shell	Stainless Steel - 316

10. SCOPE OF SUPPLIES

1. Complete packaged unit with instruments and controlpanel.
2. One pre-filter.
3. One after-filter.
4. Desiccant charge filled in towers.
5. All Valves shall be of GM, Pipes ERW-Mild Steel.
6. One thermostat of 0-300°C range for Heater Automatic Temperature Control.
7. Pressure Gauge on each tower.
8. Safety Valve on each tower.
9. Temperature Indicators in both towers.
10. By-pass line Valve for the Drying Unit.
11. Air-filter-cum-Regulator for impulse air to diaphragm Valves.
12. Regeneration air blower.
13. Electrical Control Panel.
14. Sufficient safety devices must be provided at all Vunerable points.

so as to reach this Establishment latest by 1.30 p.m. on 29-3-82 and tender will be opened at 2 p.m. on 29-3.-82 in our premises. Your quotatioin should be on F.O.R. Kanpur basis otherwise the quotation will not be accepted. Also please quote your Permanent Income Tax No and date and send your Income Tax Clearance Certificate.

Note :- Your quotation should be submitted in two covers one should be sealed and should bear our Case No. and date and outer cover should be addressed to the Director, DMSRDE, Post Box No. 320, Kanpur giving our Case No. in block letter. In case your quotation is found without seal it will not be considered. Also your quotation should be accompanied by the following certificate and validity of your quotation must be of 60 days failing which it will not be considered.

To,
The President of India,
Through the Director, DMSRDE, P. Box No. 320, Kanpur.

We agree to furnish if required, supplies/services as detailed in the Schedule of requirements or such portion thereof as you may specify in the acceptance of Tender at the prices given in the said Schedule in accordance with the above conditions.

I/We agree to hold this offer opened until ____ and shall be bound by a communications of acceptance despatched within the priod specified above failing which Govt. will have right to obtain it from elsewhere at our cost and risk.

Station :- SUPPLIERS

Date :-

davp 685(276)81

THE WEEK'S PRICE RANGE

EQUITIES

Budget frustrates the market

Bombay, March 1

The maiden Budget for 1982-83 presented to the Parliament on February 27 evening by Mr. Pranab Kumar Mukherjee, Union Finance Minister horoughly disappointed the market. The marketmen felt that there was nothing n the Budget to give a boost to the nvestment climate nor to provide any ncentive to the corporate sector. Earlier the market's expectations were that the budget would be investments, savings and production oriented one. The hike in excise duty on cement and the additional excise duty on some of the other items like fertiliser kindled selling. The raising of wealth-tax exemption limit in units and shares were a very meagre. Besides, the newly created 7.5 per cent *ad valorem* levy on man-made fibres priced at over Rs 20 per square metre caused selling in man-made fibre shares.

Although equities got off to a firm start during the special one-hour post-budget session, shares started retreating sharply towards the fag-end of the session on aggressive short-selling and heavy bull offerings. Shares closed almost at the session's worst levels after a violent fluctuation in prices. The end-levels registered modest-to-whopping losses on a broad front. Activity was fairly large and the undertone at the close was distinctly weak. A total of 58 scrips came in for trading in the special session.

Century after a better start at Rs 975 against Rs 971 in the pre-budget session receded sharply to Rs 950. The scrip, however, staged a mild recovery to Rs 953, thus indicating a net loss of Rs 18. Standard resumed on a subdued note at Rs 373 against Rs 376 and the price dropped to close at the lowest level at Rs 367 with a loss of Rs 9. ACC flared up to Rs 323, being a new high from Rs 312 on the Government decision of dual cement policy. The price, however, slipped back to Rs 301 following a marked hike in excise duty on cement yielding Rs 158 crores. After an initial improvement from Rs 351 to Rs 357, Tata Steel suffered a setback at Rs 345. TELCO, which moved up from Rs 527 to Rs 530, slumped to Rs 515. PAL fell back from the high of Rs 332 to Rs 316. Gwalior Rayon, Hindustan Motors and G.E. Shipping shaded while Larsen, Voltas, Scindia and Tata Chemcials held the ground.

In the cash section, GSFC nose-dived on liberalisation of imports of certain kind of fertilisers. The price was pulled down from the high of Rs 460 to Rs 435 before finishing at Rs 440 — showing a significant net loss of Rs 17.

CLEARED SECURITIES

	Closing quotations 20-2-82	High	Low	Closing quotations 27-2-82
	Rs	Rs	Rs	Rs.
Textiles				
Ah.. Advance (100)	177.50	180.00	180.00	180.00
Bombay Dyeing (25)	75.00	79.00	75.00	78.50
Central India (50)	45.00	44.00	40.00	42.00
Century (100)	974.00	979.00	950.00	953.00
Dawn (50)	65.00	—	—	65.00*
Elphinston (50)	50.00*	—	—	50.00*
Finlay (100)	95.00	90.00	85.00	90.00
Gokak (10)	202.00*•	17.50	17.00	17.00
Gwalior Rayon (10)	59.75	62.00	59.50	59.50
Khatau (100)	240.00	242.50	230.00	237.50
Kohinoor (100)	46.00	46.00	45.00	46.00
Morarjee (100)	207.50	210.00	200.00	210.00
National Rayon (100)	325.00	327.50	315.00	327.50
New Great Eastern (100)	75.00*	—	—	75.00*
Phoenix (100)	38.00*	—	—	38.00*
Podar (10)	6.75	7.00	6.00	6.00
Shreeniwas (100)	75.00	—	—	75.00*
Simplex (50)	63.00	63.00	62.00	63.00
Standard (100)	359.00	380.00	353.00	367.00
Svadeshi (100)	155.00	155.00	152.00	152.00
Swan (100)	170.00	175.00	170.00	175.00
Tata Mills (25)	23.00	25.00	24.00	25.00
Electric				
Ahmedabad (100)	102.00	102.00	97.00	99.00
Andhra Valley (100)	107.50	107.50	106.00	107.50
B. Suburban (100)	125.00 xd	—	—xd*	125.00
Tata Hydro (100)	111.00	112.00	109.00	412.00
Tata Power (100)	113.50	116.00	111.50	115.00
Steel				
Mukand (10)	30.00	31.25	29.50	31.00
Tata Steel (100)	351.00	357.00	336.50.	345.00
Engineering				
Larsen & Toubro (10)	53.00	55.00	52.50	55.00
Tata Eng. & Loco (100)	538.00xd	536.00	515.00	515.00
S.L.M. Maneklal (100)	160.00	160.00	156.25	160.00
Voltas (100)	246.00	251.00	246.00	250.00
Walchandnagar (10)	28.00	32.00	29.00	30.50
Dyes & Chem				
Amar Dye-Chem (100)	135.00	137.50	125.00	132.50
Indian Dyestuff (100)	200.00	200.00	193.00	200.00
Polychem (50)	53.00	56.00	53.00	56.00
Tata Chemical (10)	57.00	56.00	53.00	55.00
Shipping				
Great Eastern (10)	17.00	18.25	16.00	16.50
Scindia (20)	15.00	15.50	14.75	15.25
Cement				
A.C.C. (100)	318.00	323.00	302.00	321.00
Shree Digvijay (100)	232.50	242.50	230.00	240.00
Sugar				
Maharashtra (50)	41.00	42.00	40.00	41.00
Phaltan (50)	31.00	31.00	29.00	30.00
Miscellaneous				
Bombay Burmah (25)	37.75	39.00	37.25	39.00
Hindustan Motors (10)	28.75	29.25	28.25	28.50
Premier Automobiles (100)	330.00	344.00	316.00	318.00
Pre. Construction (50)	110.00	112.00	110.00	110.00
Sirpur Paper (10)	22.50	22.75	22.25	22.25
Tata Oil (25)	58.00	60.00	57.50	58.50
W. Coast Paper (100)	90.00	91.25	89.50	91.25
Wimco (10)	13.50	13.75	13.40	13.50

NON-CLEARED SECURITIES

	Closing quotations 20-2-82	High	Low	Closing quotations 27-2-82
Textiles				
Baroda Rayon (100)	379.00	407.00	376.00	378.00
Century Enka (100)	580.00	580.00	565.00	580.00
Garware Nylons (10)	45.00	44.50	43.50	43.50
Gold Mohur (100)	92.00*	—	—	92.00*
Indian Rayon (10)	98.00	100.00	95.00	95.00
J.K. Cotton (10)	13.50	13.25	13.00	13.25
J.K Synthetics (10)	65.50	67.00	64.50	65.50
Lakshmi Vishnu (100)	54.00	—	—	54.00*
Mafatlal Fine (100)	210.00	210.00	207.50	210.00
Mafatlal Industries (125)	352.50	351.25	348.75	351.25
Modella Woollen (10)	9.25*	—	—	9.25*
Nirlon (10)	41.50	40.50	39.00	40.00

	Closing quotations 20/2/82	High	Low	Closing quotations 27/2/82
	Rs.	Rs.	Rs.	Rs.
Raghuvanshi (100)	122.50*	—	—	122.50*
Raymond Woollen (10)	55.00	56.50	55.00	56.50
Reliance Textile (10)	127.00	127.50•	120.00	123.00
S.I. Viscose (100)	242.50	245.00	237.50	245.00
Stretch Fibres (10)	8.50	8.75	8.50	8.75
Swadeshi Polytex (10)	16.00	18.50	15.75	18.50
Electric				
Amalgamated (10)	7.00	6.50	5.50,	5.50
Surat (100)	105.00	96.00	95.00	96.00
Cement				
Mysore Cement (10)	36.50	37.00	36.00	37.00
Saurashtra Cement (100)	120.00*	125.00	120.00	125.00
Paper				
Andhra Paper (100)	172.50	172.50	170.00	172.50
Bhadrachalam (New) (10)	12.50	13.00	12.50	13.00
Jayant Paper (100)	140.00	—	—	140.00*
Rohit (100)	170.00	170.00	167.50	167.50
Steel, Metals, Alloys				
Ennore Foundries (10)	44.00	41.00	38.00	39.00
Ferro Alloys (100)	262.50	262.50	257.50	262.50
Hind Aluminium (10)	49.00	50.00	47.50	47.50
Khandelwal Ferro (100)	120.00	122.50	117.50	122.50
Mahindra Ugine (10)	56.00	58.00	54.00	57.50
Tata Yodogawa (100)	120.00*	102.50	102.00	102.50
Engineering				
Associated Bearings (100)	412.50	432.50	410.00	432.50
Bimetal Bearings (10)	28.00	28.50	27.50	28.50
Blue Star (10)	36.00	36.00	35.25	35.75
Elecon Engineering (10)	37.00	37.00	35.00	36.00
Gujarat Steel Tube (100)	330.00	340.00	320.00	340.00
Hindustan Brown (100)	285.00*	—	—	285.00*
Ingersoll-Rand (10)	136.00	142.00	137.00	139.00
Jyoti (100)	195.00	190.00	190.00	
Kamani Engg. (10)	79.00	79.00	65.00	65.00
Kirloskar Oils (10)	36.00	29.75	28.75	29.50
Kirloskar Cummins (100)	750.00	765.00	730.00	735.00
Kirloskar Pneumatic (10)	41.00	41.00	41.00	41.00
Mahindra (10)	56.00	60.00	57.00	59.00
New Standard (100)	102.00	105.00	102.00	102.50
Sandvik Asia (100)	355.00	360.00	355.00	360.00
Vulcan-Laval (10)	31.00	30.75	30.50	30.50
Zenith Steel (10)	50.00	50.00	48.00	50.00
Cables & Elec.				
Asian Cables (100)	172.50	172.50	160.00	160.00
Bajaj Electricals (100)	170.00	—	—	170.00*
Crompton Greaves (100)	356.25	356.25	350.00	352.50
Otis Elevators (10)	30.00	30.00	29.00	29.00
Siemens India (10)	61.00 xd	62.00	60.50	62.00
Chemicals				
BASF (10)	37.00	37.50	36.50	37.50
Bayer (India) (100)	175.00	187.50	177.50	182.50
Chem & Fibres (10)	22.50	24.50	22.50	24.50
Colour-Chem (100)	200.00	200.00	192.50	200.00
German Remedies (10)	26.00	28.50	27.25	27.25
Gujarat State Fert (100)	468.00	460.00	435.00	440.00
Hindustan Lever (10)	53.75	55.50	53.50	55.00
Indian Organic (10)	32.00	32.50	31.00	32.00
National Organic (100)	191.00	200.00	189.00	200.00
Pfizer (10)	24.00	25.75	23.50	25.00
Polyolefins Ind (100)	300.00	305.00	297.50	302.50
Sandoz (10)	29.50	29.50	28.50	28.50
Synthetics (100)	78.00	78.00	75.00	77.00
Warner-Hindustan (10)	22.00	22.50	21.50	21.50
Zuari Agro (10)	24.50	26.50	24.00	24.00
Miscellaneous				
Bajaj Auto (100)	1430.00	1450.00	1400.00	1450.00
Bombay Oxygen (100)	116.25	—	—	116.25*
Camphor & Allied (100)	192.50	205.00	192.50	200.00
Ceat Tyres (100)	205.00	205.00	200.00	200.00
Colgate-Palmolive (10)	145.00	150.00	144.00	150.00
Empire Industries (15)	25.00	25.00	24.50	24.50
Fibre Glass (10)	15.75	15.75	15.00	15.75
Gammon India (10)	21.50	24.25	20.50	24.25
Hindustan Ferodo (10)	39.00*	39.00	39.00	39.00
Hoechst Dyes (10)	28.50	28.00	27.25	28.00
Indian Hotels (10)	99.00	105.00	96.00	105.00
Motor Industries (100)	422.50	435.00	425.00	425.00
Tata-Finlay (10)	112.00	14.00	12.00	14.00

Notes:

Figures within brackets indicate the paid-up value of shares xd — Ex-dividend cd — Cum-dividend xr — Ex-right cr — Cum-right

(a) An asterisk mark after the quotation indicates the closing prices of the last offical trading and not of the date indicated in the columns

(b) The dash (—) in the columns for 'High' and 'Low' means that no official trading in the share had taken place during the period under report.

• Quotation for Rs 100 paid-up value.

COMMODITIES

Grains decline

Bombay, March 1

A declining trend featured trading in grains in the local market during the week ended February 27.

In cereals, wheat prices showed marked fall. The Pissi variety declined by Rs 25 to Rs 250-300 per quintal. The Sonakalyan variety was traded Rs 20 lower at Rs 195-200 per quintal. New crop arrivals were reported from Gujarat. Sellers were active.

The Basmati variety of rice was Rs 25 lower at Rs 600-700 per quintal on account of slack demand. The Luchai variety maintained last week's level of Rs 290-315 per quintal.

In coarse grains, both jowar and bajra ruled at lower levels owing to poor demand. Arrivals of new crop were good. Jowar was quoted Rs 3 lower at Rs 140-240 per quintal and bajra Rs 30 lower at Rs 150-275 per quintal. Barley and maize maintained last week's levels of Rs 138-140 per quintal and Rs 185-190 per quintal respectively.

Among pulses, gram dal lost Rs 14 and was placed at Rs 345 per quintal. Tur dal ruled steady at Rs 475-550 per quintal. Moong (chumki) moved up by Rs 48 to Rs 385-390 per quintal Masoor dal declined by Rs 60 to Rs 380-400 per quintal. Urad (moglai) ruled quiet at Rs 235 per quintal showing no change over the week.

Sugar hardens

Bombay, March 1

Sugar prices in the local market hardened during the week. The price of C-30 grade increased by Rs 5 per quintal to Rs 554-560 per quintal. Stockists were cautious because of the Central Budget. The city wholesale market received 19,897 bags during the week. The weekend stocks were placed at 4,059 bags. The price of C-30 grade sugar on February 27, was lower by Rs 171 per quintal than that on the corresponding date a year ago.

The Union Government released 4.21 lakh tonnes of sugar for domestic consumption during March 1982. It included 1.50 lakh tonnes of free sale sugar.

Khandsari firmed up to Rs 440-553 per quintal. Arrivals were lower at 6,223 bags. The stocks at the close of the week were estimated at 3,465 bags.

Gold, silver falls

Bombay, March 1

A downward trend in gold and silver marked the trading in Bombay bullion market during the past week.

Standard mint gold opened at Rs 1,747 per 10 gms and closed lower at Rs 1,705 per 10 gms. Ready silver (.999 fineness) opened at Rs 2,785 per kg and fell steeply to close at Rs 2,685 per kg.

Money tight

Bombay, March 1

Conditions in the Bombay short-term money market continued to be tight during the past week. Interest rates opened at the ceiling level of 10 per cent and maintained this level through-out the week.

Groundnut down, oil up

Bombay, March 1

Groundnut oil improved further by Rs 3.64 to Rs 144.04 per 10 kg in the oilseeds market during the week on bullish advices from Gujarat. Groundnut, on the other hand, dropped sharply. Groundnut Karad bold, Saurashtra bold and Saurashtra quality lost Rs 14 each at Rs 544, Rs 549 and Rs 549 per 100 kg.

Most of the imported oils ruled steady in the absence of fresh offerings. Palmoleine and RBD remained unchanged at Rs 130 and Rs 119.60 per 10 kg. Soyabean, however, fell back by Rs 1.04 to Rs 123.76 per 10 kg on renewed offerings.

Castorseed and its oil receded further on lack of fresh export inquiries. Castorseed Madras small and Kanpur bold yielded Rs 7 each at Rs 301 and Rs 291 per 100 kg. Castor commercial oil shed Rs 1.25 at Rs 65.50 and BSS oil 75 paise at Rs 71 per 10 kg.

Linseed and its oil continued to face selling pressure. The demand was poor. Linseed bold lost Rs 15 at Rs 415 per 100 kg and its oil Rs 7.28 at Rs 105.04 per 10 kg.

Cakes lost further ground on poor demand from shippers.

Comparative prices in rupees per quintal of seeds and per 10 kg of oils:

	Feb 27 1982	Feb 20 1982
G. nut Karad bold	544.00	558.00
G. nut oil	144.04	140.40
Cast. Md.Sm.	301.00	308.00
Cast. oil com.	65.50	66.75
Cast. oil BSS	71.00	71.75
Linseed bold	415.00	430.00
Linseed oil	105.04	112.32

Crisis in jute industry

Calcutta, February 23

The crisis in the industry is deepening as the phenomenon of lower production and increased inventory continues relentlessly causing a further setback to prices in the Calcutta gunny market during the past week.

The outlook for the industry is gloomy, according to informed quarters. At the current prices of fibre and finished goods, simultaneous business in all constructions involves a loss. It is estimated that 12,000 tonnes of goods remain unsold with the mills every month which it is stated is resulting in a loss of about Rs 8 to Rs 10 crores a month.

In view of such critical situation, it is felt that no ameliorative measure is envisaged to bail out the industry of the prevailing difficulty in the near future. So, the managements and the government are discussing measures to rehabilitate the industry within a reasonable period of time. The Indian Jute Mills Association for example has represented to the government to treat the industry as a sick one and extend to it all kinds of reliefs which are available for other sick units. It is generally accepted that modernisation in the industry is a must to improve production and productivity. Since competitiveness is essential, modernisation needs to be effected without delay. The problem of mobilising the requisite resources has to be sorted out because internal resources of mills have been depleted. Whether funds will be mobilised through abolition or remission of excise duty or by means of imposing a cess on the industry needs to be scrutinised with care.

Though the industry is pleading for a cut in output, present circumstances do not warrant such a move, according to knowledgeable sources. The forced closure of 13 jute mills is expected to reduce output. Furthermore, latest data appear to suggest some cut in production voluntarily. It is thought that the better way will be to promote the sale of goods as has been decided upon by the Jute Manufactures Development Council. The Directorate General of Supplies and Disposals which buys 40 per cent of jute bags may be of help if it procures a fair quantity for a buffer stock.

The impact of the crisis in the mill industry is to aggravate the distress among growers of fibre. The market for raw jute is stagnant with prices being nominally quoted at the statutory minimum of Rs 231 per quintal for the W-5 grade. The possibility of an improvement in mill buying may be ruled out. The latest available figures indicate that mills are matching their purchases with requirements which have recently declined. Considering that storage accommodation is tight, the Jute Corporation of India is not in a position to make any worthwhile purchase.

Meanwhile the Minister of State for Supplies and Rehabilitation, Mr. Bhuta Singh, told newsmen here that Government might step up their purchase of jute bags substantially this year in the context of the need for increased quantity of packaging material following the bumper grains crop. Last year itself, he said, Government account buying was much higher than in the previous year.

Better demand for CTCs

Calcutta, February 23

At the weekly tea auctions in Calcutta the offering of 24,988 packages of CTC teas met better demand at fully firm to occasionally dearer rates. Brokens of all descriptions met better enquiry from the Gujarat buyers as well as the blenders. The local dealers operated for the better varieties on offer. The USSR re-entered the market and operated selectivly for the grainy well made kinds. There was selective enquiry from the Punjab buyers for the plain and medium descriptions. Fannings continued to find fair support from the ARE. The UK Shippers and the blenders were active.

The 1,138 packages of Darjeeling teas offered met good demand at firm rates with whole leaf grades finding enquiry from Poland and sold at firm rates. The USSR did not operate. Brokens and fannings were well absorbed by the internal buyers at last levels.

The offerings of 13,064 packages of orthodox teas found all clean whole leaf grades encountering good enquiry from the Afghanistan and Polish buyers. The USSR re-entered the market and operated selectively. There was limited enquiry from the Gulf buyers. Brokens were well absorbed by the Polish and USSR buyers. A small weight of fannings was available. These were accounted for by the ARE and the internal buyers.

The 19,451 packages of dust tea offered found all clean medium Assam dusts sold around last rates. Liquoring varieties and Assam secondaries came to a dearer market, following better enquiry from the blenders and the local dealers. Enquiry from the UK shippers was sustained and medium nd better pekoe dusts, as a result old at fully firm to occasionally dearer ates. ARE continued to operate. Better liquoring orthodox dusts were irm to dearer. Plainer varieties, owever, were generally neglected.

Three major tea producing countries — India, Kenya and Sri Lanka — have decided to meet again in Colombo some time next month to close their ranks. This was disclosed by the Commerce Minister, Mr. Shivraj Patil to members of the Parliamentary Consultative Committee at New Delhi. The meeting is come off because Kenya was not happy over the procedure for allocating export quotas at the conference of the producing-exporting countries held there recently under the auspices of UNCTAD. Kenya's drought in the last three years stood in the way of allocating quotas to it on the basis of three years average exports. To accommodate Kenya and other developing countries, India agreed for a four-year time lag in its case while in the case of Kenya and others a six-year period was favoured. The conference it was stated agreed on having a buffer stock to take care of fall in production. It was also considered necessary to promote consumption of tea. The participating countries also felt that the quality of tea should be improved. Moreover it was necessary to have a consensus on the increase in the acreage under the tea crop. Any indiscriminate increase in the area could be harmful. The conference also agreed to have periodical meetings to take stock of the trends in tea export, production and consumption.

Modest support to zinc

Calcutta, February 23

The pre-budget lull in trading witnessed in several commodity markets was in evidence in the Calcutta non-ferrous metals market during the past week reflecting a general tendency to avoid new commitments. Virgin metals fluctuated in a narrow range notwithstanding reports of some erratic deliveries by the canalising agency Metals and Minerals Trading Corporation as industrial demand for primary metals showed little improvement.

Tight money market conditions added to the present market squeeze and traders were also reluctant to lock up their funds in slow moving stocks. Upcountry buyers were none to enthusiastic to operate and their inquiries were confined to secondary metals. Overall the volume of physical business was small, according to informed trade sources.

Among the primary metals, lead presented a steady tone and the virgin ingot was fairly steady at around Rs 1,240 a quintal. While trade sources say there was no shortage of secondary lead, primary metal users seem to be critical about delayed deliveries by the MMTC. According to the Indian Zinc and Lead Oxides Manufacturers Association, the MMTC is experiencing difficulties in meeting the needs of users in the Eastern region since it has apparently slackened its imports to cut inventories. Industrial demand for lead is estimated at 55,000 tonnes a year but the corporation has low stocks to service the sale notes within their validity period.

In some cases it has taken nearly three months to deliver the metal against a sale note. Users have to bear the additional cost of Rs 100 a tonne apart from the funds committed to the Corporation against the sale note in lifting the metal from Haldia as the MMTC is unable to arrange deliveries from its Calcutta warehouse. Several units suffered losses, says the Association, owing to non-delivery of metal against sale notes issued in August, September, October and November. Consequent on the shortage of lead, a major lead oxide consuming unit in the country had to shut down its operating furnaces for a few days in January.

Zinc found modest support and ingot moved at around Rs 1,730 a quintal. The power situation was a restraining factor but releases from the MMTC were erratic. Aluminium was quietly steady and eg ingot was unchanged at Rs 1,900 a quintal. Paucity of funds led to stiffer consumer resistance and the volume of business was, therefore, restricted. Moderate business was reported in the semis. Tin ingot found little bullish support and the metal was quietly steady at Rs 236 a kg.

Copper was quietly steady with wirebar closing the week at Rs 3,400 a quintal in featureless trading. Bearish tendencies manifested in the market as the London Metal Exchange failed to maintain its early gains. Local demand was subdued. Supplies of imported metal were erratic owing to irregular arrival of shipment metal, according to market sources.

In the scrap section copper,brass and aluminium materials ruled quietly steady in active trading with small users lending moderate support to trading sentiment. Arrivals of new materials were none the less scarce. Meanwhile the MMTC has invited bids for supply of 2,000 tonnes of zinc, 100 tonnes of antimony and 200 to 400 tonnes of nickel squares/cathodes.

Aggregate deposits decline

Bombay, March 1

Aggregate deposits of all scheduled commercial banks declined by Rs 16.19 crores to Rs 43,177.72 crores during the week ended February 19, 1982. Bank credit expanded by Rs 27.84 crores to Rs 29,928.01 crores. The balances of banks with the Reserve Bank of India (RBI) increased by Rs 64.59 crores to Rs 4,234.71 crores while their borrowings from the RBI declined by Rs 40.88 crores to Rs 704.87 crores.

Global trade : Dismal picture

Concluded from page 432

Although there has been an appreciable rise in global trade turnover, this increase is because of the faster increase of dollar price of crude petroleum as well as rise in the unit value of primary goods and manufactures. As import prices continued to increase at a much faster rate than export prices there has been a constant deterioration in the terms of trade in the global trade and the deficit is on the increase.

Hence, in order to narrow down such an alarming deficit in the global trade and to make international trade all the more congenial, GATT has been emphasising on the industrial nations to desist from building protectionist barriers. It does not agree with the viewpoint that adjustment of industrial structures poses a particularly difficult problem in a period of stagflation. Postponing of adjustment locks resources into the activities, the yield of which is declining relative to the same industries in other parts of the world. Added to this, protection leads to lower prospects of the more promising national industries, both by reducing foreign demand for their goods as well as by diverting scarce domestic resources to the protected industries. Hence, the investment momentum needed to overcome the forces of stagnation can not be generated by these potentially more dynamic industries either.

From the foregoing discussion it can be concluded that the situation in regard to the global trade is dismal in near future, mainly due to rise in the prices of oil, but there is no room for despair. Thus the need ot day is to evolve a global long-term strategy. The industrialised nations should not pursue a protectionist policy enabling other developing countries to survive during this critical situation.

Collective self-reliance has today become inescapable for all the countries for their very survival. The challenge of the '80s and even of the '90s perhaps leaves no other alternative to the countries in general and developing countries in particular but to closer links amongst themselves and there should be regional and inter-regional trade and cooperation throughout the world. The Common Fund under the integrated programme of commodities is obviously the nucleus of framework of action to achieve a better and more suitable price stability and to help build buffer stocks which even out the fluctuations. The need of the day is to have a broad-based perspective economic plan for global trade.

Beyond headlines

Global trade: Dismal picture

By Badar Alam Iqbal

THE global economy has entered a period of stress and difficulty in which the international trading system has come under heavy pressure. Hence, one of the essential tasks of those with responsibility for trade policy in the next few years must be to establish a healthy trading system and liberalisation of trade.

The functioning of the world trade system is at present characterised by major asymetrics and distortion and is most noticeable in the operation of many of the commodity markets as well as in the trade of manufactures and services. The lack of financial accommodation particularly in a severe inflationary position as has been there for the last 9 to 10 years often forces many commodity producers in particular to off load their wares at un-remunerative prices. Table I shows trends in global trade in 1980-81.

Data set out in Table I reveal that in 1980 global exports stood at $ 1,638 billion indicating an overall rise of 25 per cent over previous year. Out of this, industrialised nations accounted for $ 1,046 billion or nearly 64 per cent, oil exporting developing nations $ 207 billion or 12.6 per cent.other developing nations $ 199 billion or 12.1 per cent and eastern trading nations $ 151 billion or 9.2 per cent respectively of the global exports. Whereas in 1981 world exports amounted to $ 1,985 billion, showing an overall rise of 21 per cent over 1980. This means in relative terms the rate of growth of world exports in 1980-81 is lesser than the rate of growth of world exports in 1979-80. Similarly, the industrialised countries accounted $ 1,228 billion or nearly 62 per cent, oil exporting developing countries $ 294 billion or 12.4 per cent and eastern trading countries consisting of the USSR and other centrally planned economies $ 176 billion or nearly 10 per cent of the total world exports. This all indicates that in absolute terms there has been an appreciable rise while in relative terms there has been a marginal fall in global exports. The share of oil exporting developing nations and other developing nations has gone up by 2.2 and 0.3 per cent respectively in 1980-81 over 1979-80. But the share of industrialised countries and eastern trading countries went down by 2.0 and 0.3 per cent during the same period.

While on the other side, world imports amounted to $1,689 billion in 1979-80 of the aggregate imports of $1,689 billion industrialised nations, oil exporting nations, other developing nations and eastern trading nations constitute $ 1,151 billion or 68 per cent, $ 105 billion or 6.2 per cent, $ 249 billion or 14.7 per cent and $ 152 billion or 9 per cent respectively. While in 1980-81 the world imports have shown an increase of 21 per cent over 1979 and stood at $ 2,050 billion and the share of these regions accounted for $ 1,375 or 67.1 per cent, $ 136 billion or 6.6 per cent, $ 320 billion or 15.6 per cent and $ 173 or 8.4 per cent. This all shows that the share of industrialised nations and eastern trading nations has declined marginally *i.e.* 1.0 and 0.6 per cent respectively, while the share of oil exporting developing countries has increased by 0.4 and 0.9 per cent during the period under review.

Table 1 : Global Trade in 1980-81 (Area-wise)

($ billion)

Area	Exports		Imports		Balance of trade	
	1979-80	1980-81	1979-80	1980-81	1979-80	1980-81
World of rich	1,638 (100.0)	1,985 (100.0)	1,689 (100.0)	2,020 (100.0)	−51	−65
Industrial areas	1,046 (63·9	1,228 (61·9)	1,151 (68·1)	1,375 (67·1)	−105	−147
Oil export developing countries	207 (12.6)	294 (14.8)	105 (6.2)	136 (6.6)	−102	+158
Other developing nations	199 (12.1)	247 (12.4)	249 (14.7)	320 (15.6)	−50	−73
Eastern trading nations	151 (9.2)	176 (8.9)	152 (9.0)	173 (8.4)	− 1	+ 2

Figures in bracket indicate share in the total

Source: IMF.

Likewise in 1979-80 there has been unfavourable balance of trade of $51 billion whereas in 1980-81 this gap has increased further to $65 billion. In 1979-80 industrial nations, other developing nations and eastern trading nations had a trade deficit as much as $105, $50 and $1 billion and the same have gone up to $147, and $73 in the case of industrialised and other developing nations in 1980 but trade deficit in case of eastern trading nations has become surplus of $ 3 billion during the same period. It is rather surprising that only oil exporting developing nations had surplus trade balance in 1979-80 as well as in 1980-81 of $ 102 and $ 158 billion.

Recently, GATT's report has pointed out that the growth in the world trade and output has slowed down considerably rendering it the third worst year for the global economy in last 25 years. The report further pointed out that the existing pre-occupations with Japan's export success in both the USA and the EEC countries could demage not only the growth of global trade but also the world economic growth especially if each of the two western groups want separately balancing their trade with Japan. This would lead to the decline of the global trade in general and developing countries in particular.

Continued on page 431

COMMERCE

Vol. 144 No. 3692 Bombay, March 13, 1982

EDITOR :

VADILAL DAGLI

ASSOCIATE EDITORS :

D. B. MAHATME

SUBHASH CHANDRA SARKER

25 years of KHADI & VILLAGE INDUSTRIES COMMISSION

—*A SURVEY*

CONTENTS

Interest subsidy scheme of Commission 2
—A. M. THOMAS

Khadi and village industries in Indian economy 4
—Directorate of Economic Research, KVIC

Cost of job creation in KVI and large industry 5
—Y. A. PANDITRAO

Khadi in eighties 12
—Y. C. SHARMA

Need for exploring alternative modes of providing employment in rural areas 16
—SAILESH KUMAR BANERJEE

Training programmes of KVIC—Performance and prospects 18
—A. RAMA RAO

Image of village industry 21
—N. P. JAISWAL

Looking over the programme of TRYSEM 27
—MANUBHAI PATEL

Better technology for village leather industry 29
—B. MAJUMDAR

Problems in marketing of khadi and village industries products 32
—T. K. NAG

Potentiality of polyvastra 35
—M. A. KANKANWADI

Real bottleneck to the development of khadi and village industries 36
—SUBHASH CHANDRA SARKER

Selected statistics 39
—Directorate of Economic Research, KVIC

SUBSCRIPTION RATES

INLAND

Annual subscription	:	Rs 200
Half yearly	:	Rs 115
Concessional subscription for students and teachers	:	Rs 115

FOREIGN AIR MAIL

Asia and Africa (including South-East Asian and West Asian countries)	:	£ 37
UK and Europe	:	£ 46
United States	:	$ 117
Japan	:	Yen 21,418
USSR	:	Roubles 71

Commerce Publications Ltd.
Manek Mahal, 90 Veer Nariman Road,
Bombay 400 020.
Telephone : 253505, 253562, 253392

Grateful thanks are due to the Directorate of Publicity of the Khadi & Village Industries Commission for the photographs, and to the Directorate of Economic Research of the Commission for unstinted cooperation in providing information and statistics.

Interest subsidy scheme of Commission

By A. M. THOMAS

IN the context of the pressing need to alleviate poverty in rural areas, KVI activities have been given an important place in the Sixth Plan (1980-85) of the country. The Sixth Plan for Khadi and Village Industries, visualises reaching an employment level of 50.50 lakh persons in 1984-85 from 27.33 lakh persons in 1979-80. Similarly, the production level will increase from Rs 440.01 crores in 1979-80 to Rs 1,200 crores in 1984-85.

In order to fulfill the objectives of the plan and to achieve the target fixed for KVI sector, an aggregate outlay of Rs 1,175 crores has been proposed, of which Rs 520 crores would be raised from institutional financial sources and the rest from budgetary and internal resources. Of the Rs 520 crores earmarked for institutional finance, Rs 200 crores would be for the Integrated Rural Development Programme. The balance of Rs 320 crores would be institutional finance to be raised under the auspices of KVIC.

Interest subsidy scheme

To enable the KVI sector to avail of institutional finance in greater measure, the Government of India sanctioned a comprehensive interest subsidy scheme in January 1977 to KVIC which became effective from April 4, 1977. The scheme *inter-alia,* covers both capital expenditure and working capital required for khadi and village industries and interest above 4 per cent is subsidised. The scheme is applicable to KVIC, State KVI Boards, institutions registered under Societies Registration Act 1860, charitable institutions and cooperatives (including block level multi-purpose cooperative societies). The financing agencies include nationalised and non-nationalised banks, cooperative banks and State Finance Corporations. Finance can be raised, within ceilings prescribed by the KVIC under its eligibility certificates. The Government of India has also permitted the KVIC to accept *pari-passu* charge or surrender first charge in deserving cases wherein implementing agencies avail of institutional finance.

Salient features

The salient features of the comprehensive interest subsidy scheme sanctioned to the KVIC are as under :

(i) The techno-economic feasibility of a programme is undertaken by the KVIC or KVIB as the case may be. The task of identification of the borrowers and assessing their need is attended to by the KVIC;

(ii) The institutions recognised for bank finance in most cases possess both the forward and backward linkages;

(iii) KVIC accepts the *pari-passu* charge or the second charge although the financial assistance earlier extended by it (KVIC or KVIB) to the institution is sizable which itself constitutes more than adequate margin and security for obtaining bank finance. The assets of the institution created with the funds made available by the KVIC/KVIB are available for hypothecation or mortgage as security against the bank loan;

(iv) KVIC takes the responsibility for meeting the difference between initial 4 per cent and ceiling limit of rate of interest of 13.5 per cent, as interest subsidy on a quarterly basis. For the purpose, KVIC maintains imprest account at its state offices for meeting the interest liability promptly. In most cases where working capital loan is sanctioned, the cash credit limits are indicated by the banks, the interest is debited to the cash credit account of the borrowed, and interest subsidy, as and when realised from KVIC, is credited to the borrower's account.

(v) KVIC through its internal audit staff undertakes utilisation audit as well as certification audit (in the case of khadi) thereby ensuring supervision over the end use of the credit. These institutions are required to submit periodical quarterly and annual reports to KVIC. In the case of sales of khadi, sales rebate is paid by KVIC/KVIB which also has a regulatory effect. In addition, KVIC exercises control as it issues eligibility certificates entitling the institutions for exemption from income tax and in appropriate cases from sales tax.

(vi) KVIC has classified the institutions on the basis of their volume of work and major and medium size units have been asked to avail of bank finance. Major institution is one whose production or sales is more than Rs 50 lakhs per annum and medium is one having production or sales above Rs 10 lakhs up to (inclusive of) Rs 50 lakhs. The requirements of small size institutions are met by KVIC.

KVIC's interest eligibility certificate is valid for a year *i.e.* up to 31st March of the financial year and is either revalidated immediately or modified by issuance of a fresh eligibility certificate. This is done immediately after the close of the year and should not cause any difficulty to the banks. This is by and large, a routine exercise to ensure control over the utilisation of funds. This is necessary as the interest subsidy scheme does not cover any liability for amounts defaulted.

In view of the fact that the institutions scattered throughout the country may experience some difficulty in the initial period till they get fully conversant with these operations, it would be helpful if the central office of the concerned bank issues instructions to the local bank managers to get in touch with the institution/agency.

The interest subsidy eligibility certificate to be issued by the

---

Mr Thomas is Chairman, Khadi and Village Industries Commission.

KVIC would be signed by the Chief Executive Officer of the Commission. Similarly, the interest subsidy eligibility certificates to be issued by the State Boards in respect of institutions and societies working under them should be signed by their Chief Executive Officer/Secretary/ Exective Officer/Administrator. On the strength of the interest subsidy eligibility certificate the State Board/ institutions/cooperative societies, etc, will negotiate with their bankers for the required financial accommodation. The final decision to accept or reject any loan application from eligible borrowers will vest with the banks. However, in case the banks reject some applications they may indicate to the KVIC/the State board the reasons for rejecting the loan applications. The KVIC will have no liability of any kind either in respect of the principal amount of loan or payment of 4 per cent (or at revised rate) interest to be borne by the borrowers for which interest subsidy eligibility certificate has been issued by the KVIC, or by KVIB. Its liability shall be restricted only to the extent of payment of interest subsidy as per scheme.

The six-spindle Ambar charkha, which has already proved its efficiency. It provides means of livilihood with dignity.

The concerned institutions/State Boards will inform the KVIC about the amount sanctioned by the banks in each case, the terms and conditions (about the rate of interest, the tenure of loan etc) on which such amounts are sanctioned and the position about the release/drawal of funds against such sanctions as soon as the loans/limits are sanctioned by the banks and availed of by the institutions/State boards etc.

In respect of directly aided institutions (including State boards) the banks shall advise the KVIC about the sanction and disbursement of loans to the borrowers in respect of whom the interest subsidy eligibility certificates are issued by the KVIC giving reference to the interest subsidy eligibility certificate issued by the KVIC. In respect of the institutions and cooperative societies whose loan applications have been recommended by the State Khadi & Village Industries Boards, the banks shall advise regarding the sanction and disbursement of loans to such borrowers to the concerned State Khadi and VI Boards. The bank will send advice to the KVIC/ State board about the sanction and disbursement of loans. The State Khadi and VI boards, the State Directors of the KVIC and the Khadi and VI Commission, Bombay, will maintain interest subsidy claim register industrywise. In respect of institutions (including State boards) whose interest subsidy eligibility certificates are issued by the KVIC, the banks shall submit their interest subsidy claims giving reference to the interest subsidy eligibility certificate number and date and also the number and date of bank's payment advices and release of funds. These claims may be sent to the Commission's concerned State Directors who will scrutinise the claims and send the same to the Bank Finance Cell of the Commission, for payment.

In respect of institutions and cooperative societies whose interest subsidy eligibility certificate were issued by the State Khadi and VI Boards, the banks shall submit to the concerned State Boards their interest subsidy claims giving reference to the interest subsidy eligibility certificate number and date issued by the State Boards and also the number and date of the bank payment advices for release of funds. The concerned State Khadi and VI Boards will scrutinise the claims and send the same to the Bank Finance Cell of the Khadi and VI Commission for payment. The claims received by the State Directorate of the KVIC must be countersigned by an officer not below the rank of State Director of the KVIC.

It will be seen that the interest subsidy scheme sanctioned by the Government does not generally cover individual entrepreneurs and individual artisans perhaps because there are other schemes such as differential rate of interest, tiny sector and the cottage industry scheme under which institutional finance can be provided. KVIC has approached the Government for extension of interest subsidy scheme to small entrepreneurs in certain selected lines of manufacture like manufacture of handmade paper, toilet soap, laundry soap, etc. The main advantage of KVIC's interest subsidy scheme is that it establishes a tie-up arrangement among the institutional financing agencies, the implementing agencies and development organisations like KVIC and KVIB. It spells out respective roles and, therefore, in course of time, it would be possible to step up the flow of institutional credit to the decentralised sector. Credit has linkages with both raw material as well as marketing. It provides the need-based finance under supervisory machanism. As a consequence, the element of risk involved has been considerably reduced.

Khadi and village industries in Indian economy

By Directorate of Economic Research
Khadi & Village Industries Commission

The activities of the Khadi and Village Industries Commission cover a wide range including procurement of raw materials and their distribution to the producers at one end and the disposal of finished goods at the other. Besides KVIC manufactures and/or distributes improved tools, equipment and machinery to the producers on concessional terms. KVIC provides facilities for technical research and assistance for setting up suitable organisations for khadi and village industries for which it provides financial assistance or sponsors for assistance through banks.

Implementing agencies of KVI

The policy and programmes for khadi and village industries are generally executed through (i) State Khadi and Village Industries Boards which are statutory organisations set up under state legislation; (ii) institutions registered under the Societies Registration Act 1860, and (iii) industrial cooperative societies registered under the State Cooperative Societies Act excepting in areas and spheres where pioneering work is required such as hill, border, backward and inaccessible areas. In such areas the KVIC directly shoulders the responsibility. It also assists individuals in suitable areas.

Pattern of extension of financial assistance

The KVIC is extending financial assistance to its implementing agencies in the form of grant and loan. As per KVIC's pattern of assistance khadi loans are interest free whereas village industries loans carry an interest of four per cent. The loans are given for capital assistance and working capital requirement whereas some element of grant is provided for managerial assistance, training, marketing, publicity etc. The implementing agencies which avail of bank loans under KVIC's sponsorship are required to pay 4 per cent interest and the difference between the interest charged by banks and 4 per cent is borne by KVIC.

Achievements

Just around 1951 the production of khadi was about one million sq metres. There were about three lakh spinners and weavers engaged in the khadi programme. Some 100 constructive organisations affiliated to the All-India Spinners Association and All-India Village Industries Association were in the field with their centres in about 6,000 villages. Around 1957 when the KVIC was established, the production of khadi and village industries had moved up to Rs 21 crores. There were about 445 registered institutions cooperative societies working in the field. The establishment of KVIC gave a stimulus to the development of these industries. As a result of KVIC's efforts the work spread to about one lakh villages and the achievements reached impressive heights. The programmes are now (1980-81) implemented by 26 State Boards, 945 registered institutions and 29,072 cooperatives. The production level touched Rs 558.09 crores, khadi Rs 106.85 crores (in meterage 91.09) million sq metres) and village industries Rs 451.24 crores providing employment to 30.16 lakh persons (12.06 lakhs under khadi and 18.10 lakhs under village industries). Among the significant achievements made mention can be made of the following:

(i) The KVIC developed a wooden spinning frame with 5 spindles for spinning cotton yarn of finer counts viz muslin (above 100 m counts) and distributed 15,533 charkhas in the field up to 1980-81. Recently, it has introduced a 7 spindles model in the field. This has opened up possibilities of fuller employment with relatively higher earnings in the coastal regions (in humid climate) of the country.

(ii) The percentage share of all-metal NMC yarn (of different spindlage viz 2, 6 and 12) in cotton khadi has now increased to about 40 per cent. At the end of 1980-81; 1,01,137 six spindle NMC (new model charkhas), 625 twelve spindle NM charkhas and 42,840 two spindle NM charkhas were in the field. The major contribution of the NMC programme was the provision of mostly fuller employment to about one lakh spinners and other workers engaged in pre-processing. The six spindle NMC spinners in certain areas were able to earn a daily income of Rs 5.

(iii) Khadi and village industries have now emerged as suppliers of technical know-how and machinery to the developing countries. KVIC's exports have been deputed for promotion of these technologies in those countries.

(iv) Gobar gas scheme of KVIC has emerged as one of the answers to the problem of shortage of energy. Up to 1980-81, 88,077 plants of different sizes were installed, mostly in rural areas.

The product substitution also gained momentum, especially in the use of oils from non-edible oilseeds in soap manufacture. The pioneering work of the KVIC which established the techno-economic feasibility of use of non-edible and minor oilseeds in soap manufacture resulted in its adoption even by the organised sectors. The most significant feature of this programme lies in creation of employment opportunities to Adivasis in the forest areas, specially in the collection of non-edible oilseeds and increasing the availability of edible oil for human consumption by substituting it especially in soap manufacture. Recently, KVIC established the techno-economic feasibility of manufacture of toilet soap in the decentralised sector. It is now possible to manufacture soap by using non-edible oils on a decentralised basis both in laundry and toilet soap sectors on a commercial scale. Both in terms of qua-

Continued on page 38

Cost of job creation in KVI and large industry

By Y. A. PANDITRAO

THE Indian economy presents a bewildering spectacle of various technologies ranging from a highly complex and sophisticated to a simple one, existing side by side, in the manufacture of certain products. There are four main activities wherein this type of co-existence of technologies is noticed. These are—(i) processing of cereals, pulses, *masalas,* pressing for edible oils, manufacture of gur and khandsari etc., (ii) cloth manufacture (pre-spinning, spinning, pre-weaving, weaving and processing), (iii) construction mainly of house building and (iv) movement of goods from one place to another, especially in rural areas. These are also the main employment generating activities in the Indian economy and also the activities immediately and vitally concerning the people *i.e.* (i) food, (ii) clothing, (iii) shelter and (iv) transport.

Table 1 furnishes the types of instruments of production in these technologies:

Appropriate technology

There has been considerable discussion on evolving an appropriate technology. However, it is becoming crystal clear that the gap between the advanced technology and the labour intensive technology is widening day by day between the nations and within a nation; and the advanced technology has now pushed the labour-intensive technology in India to the well. The number of people depending on this is falling. Those who continue to remain in the labour-intensive technology do so because they have no alternative and perhaps their size is adequate to meet the size of the demand for their products.

The competition has become more acute mainly because of three reasons — (i) due to scale of operation (specialisation, division of labour, ancillarisation, assembling etc), (ii) due to product substitution and (iii) due to change in the pattern of demand. Regarding the *first* the ex-factory cost of production of goods manufactured in the large industry is relatively low. The products are more uniform and qualitatively more acceptable to the consumer. They are also available in the required number at a point of time. In regard to the *second,* that is product substitution, new raw materials like plastics, aluminium, synthetic fibres etc have either reduced the cost of production or made the products more durable and consequently, the traditional or conventional products are facing acute competition. Regarding the *third,* there has also been change in pattern of demand due to change in the occupations, life styles etc. New products are in demand which the traditional technology is not in a position to manufacture, due to skill obsolescence.

By and large, there has been a national consensus that, if the problem of poverty is to be tackled effectively, there is need to create more work opportunities in the rural areas, especially in the non-farm sector, through viable small industries, by use of improved technology, carried either in the cottages or in worksheds situated close to villages with enough flexibility in operating them either during the leisure period or by any member of the family. Therefore, a thorough discussion on the relative costs of job creation in KVI (which mainly represents the small industry sector in rural areas) and the large industry has become relevant.

Cost-benefit analysis

Various methodologies have been suggested for cost-benefit analysis. It is obvious that a mere comparison of economic cost and the economic benefit of these two sectors *viz,* small industry in the rural areas and the large industry in urban or rural areas would be misleading. There are other factors *i.e.* social costs and the social benefits which have to be taken note of. Therefore, a qualitative assessment would be necessary.

However, to begin with, if a comparison is made between these two sectors merely on the basis of economic considerations, the following picture emerges. (Table 2).

A comparative analysis on the basis of above yardsticks, in respect of different types of technologies for manufacture of a particular product, may provide a broad indicator for arriving at preference for a particular choice of technology.

Table I : Types of technologies

	Activity	Labour intensive simple technology	Capital intensive complex/ sophisticated technology
I.	Processing of cereals & pulses	(i) Hand operated chakkis. dhenkies· polishers, dehuskers, grinders, traditional bakeries etc.	(i) Modern rice mills. (ii) Dal mills. Modern bakeries etc.
	Edible oils	Ghanis (bullock or power)	Expellers, rotaries
	Gur and khandsari	Kolhus or bullock driven crushers, pans, traditional open furnaces.	Sugar mills, hydraulic crushers, vaccum pans, crystallisers, centrifugals
II.	Cloth manufacture	(a) Hand carding· sliver and rovings making etc.	Modern pre-spinning and spinning by use of power in mills.
		(b) Handspinning on spinning wheels of different types traditional, wooden ambar, 6 spindle and 12 spindle New Model Charkhas (NMC)	
		(c) Handloom weaving	(i) Power Looms (ii) Mill weaving.
III.	House construction.	Construction of huts, mud houses, brick walls-lime based, stones, cheap thatched houses, doors, windows, etc. prepared by carpenters, country roofing tiles, bricks, use of lime, mortar etc.	Construction of multi-storied, prefabricated houses with modern amenities, use of modern machinery, cement etc. RRCC structures, pile foundation etc.
IV.	Movement of goods.	Bullock cart hand cart, camel cart horses, donkeys etc.	Trucks railway wagons, containers tempos etc.

Mr Panditrao is Director, Economic Research and Bank Finance, Khadi and Village Industries Commission.

Table 2 : Comparison of two sectors

Item	Large Industry	Village Ind.
1. Requirement of per capita capital investment.	More	Less
2. Requirement of per capita (capital investment+ working capital) investment.	Possibly more	Possibly less
3. Capital investment output ratio.	Possibly more favourable	Possibly less favourable (There are some Fields where it is favourable)
4. Investment (capital investment plus working capital) output ratio.	Possibly more favourable	Possibly less favourable.
5. The incremental investment (both capital investment and working capital) and incremental output ratio.	Possibly less favourable	Possibly more favourable.
6. Net disbursement (net grants plus loans outstanding at point of time) and gross output at a point of time.	Less favourable	More favourable.
7. Incremental investment (capital Investment and woring capital) and wages/earnings generated.	Possibly more favourable.	Possibly less favourable.
8. Per capita wages /earnings for 8 hours work for 273 days (with conversion into standard parson year)	More	Less
9. The extent of open subsidisation (all grants plus sales rebate, subsidies etc) related to wages generated for particular year.	Possibly less	Possibly more.
10. The concealed and open subsidy together related to wages generated in a particular year.	Cannot say more or less.	Cannot say more or less.
11. Contribution to national exchequer in the form of revenues of excise, income tax, sale tax etc.	More	Less.

Capital needs

According to an estimate, the capital required for employing one person in different industries is as follows :—

Capital required for employing one person

Name of the industry	Rs.
1. Steel industry	1,60,000
2. Heavy machine building plant	1,00,000
3 Foundry/forge plant	1,00,000
4. Coal mining machinery	60,000
5. Heavy electricals	50,000
6. Fertilisers	40,000
7. Machine tools	25,000
8. Small scale industries	5,000
9. Handicrafts	1,500
10. Khadi and Village industries	1,000

India's experience over the two and half decades leads us to certain broad conclusions which are listed as under:

(i) High rates of capital investment fail to provide high rates of growth of employment opportunities;

(ii) Large industry suffers from high overheads and the advantages of larger scale of operation are neutralised or off-set due to high overheads. In the price-spread also there is no co-relation between the ex-factory cost of manufacture and the price paid by the ultimate consumer because of long chain of intermediaries.

(iii) The problem of under-utilisation has assumed great importance, larger the size more acute is the problem because of overdependence on others for credit, raw material, power consumption, labour problem, break-downs, problems of storage, failure of ancillaries, fluctuations in demand, etc.

(iv) Large industry thrives in cluster. Hence the problems of concentration, (social, psychological, moral and political) ecological imbalances, social overheads etc, are more acute.

(v) The gestation period is longer and the cost estimates usually go wrong because of rising prices. There always is the problem of technological lag.

(vi) Large scale industry lacks the agility to adjust to new situations like sudden change in raw materials, demand, energy, pattern of production etc. It cannot also reduce the scale of production without affecting its economics.

(vii) The large industry becomes the paradise for management experts, technocrats etc, and makes the workers cogs in the wheel etc, developing the feeling of alienation.

Economic planning

After the attainment of independence, India has adopted economic planning. The imperfections of the competition, growth of monopolistic trends, and emergence of new growth theories gave the state more role. There has been the growing influence of the socialistic ideas. The accepted philosophy has been that the public sector should have the commanding heights. The modern state does not merely regulate through policies but also gets involved both in manufacture and distribution of certain products by creating suitable institutional framework of public sector. This economic planning is intended to raise the standard of living of the people over a shorter period of time. The government decides the priorities, mobilises the resources and allocates them according to the priorities. The modern state also decides the overall economic policies which *inter alia*, cover industrial, import, export, agricultural, credit policies, and accordingly as a follow up measure allocates resources. The plan reflects the overall strategy adopted by the modern state. It extends financial, State and fiscal support for subserving the above considerations. The modern State also intervenes in times of

Industrial disputes

From this, it will be seen, that the price of a product in our present day economy does not reflect its true worth since it conceals numerous concessions, monetary or otherwise, fiscal benefits and the protective measures adopted by the state. The price of a product today merely reflects the economic cost of a product. Unfortunately, there are no means to know the extent of subsidisation since subsidisation is done at various stages, right from raw material to the sale of finished products. It is for production as well as sales. In an economy of joint demand and joint supply, specialisation, division of labour and work, it becomes extremely difficult to quantify them. Had there been a single point subsidisation at final consumption point perhaps the comparison would have been possible.

Unfair comparison

Consequently, an unnatural situation is created, wherein a product which enjoys concessions, open or concealed, is compared with a product which does not enjoy concessions at all or few of them. A discussion on economic viability thus becomes irrelevant. It is a comparison between two non-comparables. It is always alleged that the products manufactured in the labour intensive technologies *i.e.* in cottage and village industries are relatively costlier and these activities are less viable and, therefore, they should be condemned to the death cell waiting for their final hour of crucification. In fact, if all the international protective walls are removed, perhaps the so-called viable activities in the large industry may not be able to compete with their international counterparts. The main reason is the technological superiority of the foreign manufacturers on the one hand and higher productivity of their workers on the other.

The point is if this protection is required for large industry against its international counterpart in the national interest, should not a similar protection be given to cottage and village industries which are at heavy odds from their urban or rural large scale counterparts again in the national interest.

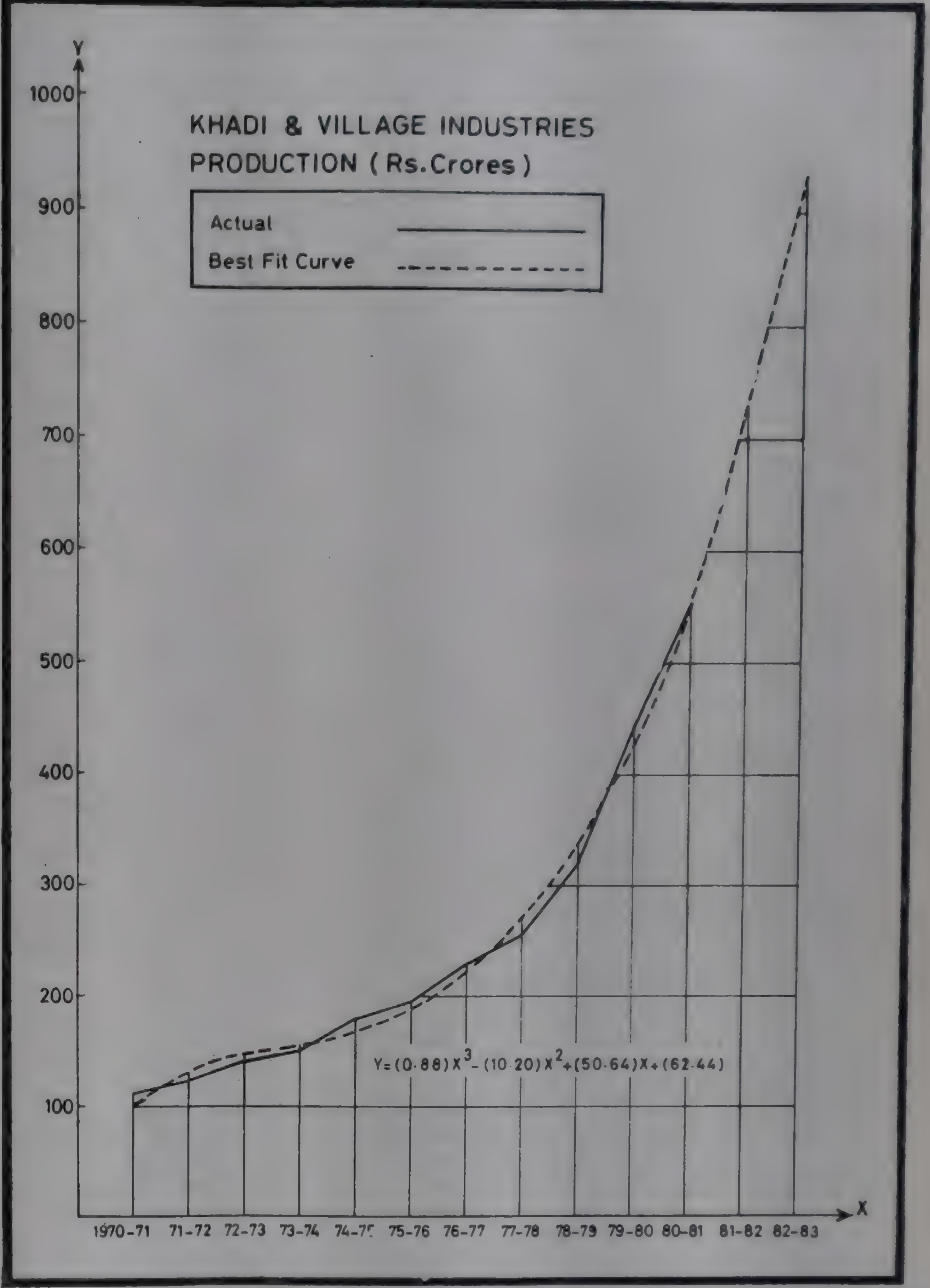
It is very clear that large industry is necessary in certain lines of manufacture, wherein it is not feasible on techno-economic grounds or for national security to manufacture on cottage and village industries scale and, secondly, it is desirable in some measure from the view point of rapid increase of production at a lower cost for raising the standard of living of the most of the people and, thirdly, it is necessary for meeting competition in the export market. Except these three main valid reasons, in all other lines of manufacture, the choice should obviously fall on small industry, especially in rural areas. In certain cases, (especially in consumer products in second group) a common production programme can be worked out, demarcating the spheres of production, lines of manufacture and limiting the scale of production. The objective should be to increase employment opportunities in rural areas also output of both through such common production programme.

Public sector investment

A closer scrutiny of the public sector investments would reveal that, in reality, it has proved more beneficial to the large, medium and the organised small industries. Relatively its benefits have not percolated to the cottage and village industries sector. The public sector has been instrumental for rapid growth of the private large sector in industry and services. It is the driving force. Public sector has entered in areas of manufacture where return on investment is very low and the gestation period longer.

Broadly, these investments are in manufacture of iron, steel, coal, cement, energy, aluminium, etc. It is also in the field of manufacture of electrical goods and equipment, machine tools, heavy engineering, wagon building, transport and communications etc. These are broadly core industries. The development of this sector has given the necessary filip to the growth of modern large industries. If the government would not have made investments in these areas perhaps the large industry would not have been benefited.

Initially some of these public sector units suffered heavy losses, either because of underutilisation of capacity, low productivity or uneconomic pricing of the products. These losses were subsidised by the state *i.e.* by the people. In 1981-82, for an aggregate investment of Rs 20,000 crores in the public sector units, the net overall loss was around Rs 50 crores or so. Some of the units are still facing losses. Indirectly, this amounts to subsidising the large industries which have been the prime beneficiaries of the public investment in the core sector.



Main beneficiary

Further, a closer look at the financing operations of credit institutions in the country, either nationalised or private would reveal that the significant beneficiaries have always been large industry. Is it not a fact that depositors get a very low rate of interest and the sizeable credit is provided to the large industry? The branch expansion programme of banks in rural areas has led to accelerated mobilisation of deposits which help urban large industry. The share of cottage and village industries in credit is very negligible. In the total credit created by the financing agencies in 1981-82 of Rs 29,900 crores the share of cottage and village industries was around Rs 100 crores or 0.3 per cent. Even a study of deployment of budgetary resources would reveal that the share of cottage and village industries is less than one per cent. Thus of the resources mobilised, either in the budget or in the financing institutions, a sizeable share in the industry goes for the large sector.

There is another dimension to the problem. The modern state assists various universities, colleges, educational institutions, research and technical institutes in several ways. In fact, the modern state takes pride in incurring expenditure on education. This is considered as investment in men. In other words, the cost of education on technicians, research scholars, experts in various disciplines and technical personnel is subsidised by the state. The real beneficiary of this investment is the modern large industry, since it is not required to spend on manpower development and it readily gets the technical hands at no cost of their training. This cost is not reflected in the price of a product.

In cities and towns, the municipal bodies maintain public transport, the cost of which is partly incurred from out of taxation. Suburban railway service in the metropolitan towns is heavily subsidised by the national exchequer. Even transport of men and goods from one place to another is subsidised by adoption of differential and telescopic freight rates. The government has introduced national permit system which also enables easier movement of goods.

To solve the problem of housing of the workers and other employees, the states have created housing boards. In so far as workers and other low paid employees are concerned, the Government subsidises low cost housing schemes. The state also encourages the employers to construct houses for their own employees/workers for which concessional finance is made available.

It is well known that the state incurs expenditure on providing various types of facilities for prevention of diseases, sanitation, health and hygiene and medical care. In certain areas, the government has launched a scheme for supply of nutritious food, vitamins and milk to the children of workers. In most of the municipal and government hospitals, the treatment is practically free. The workers are covered by the Employees State Insurance Scheme for which the state contributes.

In urban and metropolitan areas, the expenditure is incurred on provision of water, supply of domestic electricity, sewage services etc. In cities like Bombay, milk supply is also subsidised by the government. The government has opened a chain of fair price shops to ensure supplies of essential consumer goods like foodgrains, edible oil, sugar etc. at subsidised rates. If per capita public expenditure in urban and rural areas is compared, it would reveal the social cost incurred by the state. In addition to the above, the government has created specialised agencies for covering the risk of life and disability of the people.

Sick industry finance

Apart from the above mentioned facilities created for general public, government on certain occasions comes to the rescue of the organised industry by providing necessary credit at concessional rate. Government has recently created an organisation known as Re-construction Corporation of India which provides finance to industry units for removal of their sickness. Finance is also provided for modernisation of machinery, for diversification and for import substitution. The financing institutions have a soft credit window for meeting the specialised credit needs. Agencies like the *IDBI*, the ICICI etc., and other commercial banks look to the financing needs of the large industry.

Some of the banks are also operating bill discounting scheme under which credit is ensured. All these benefits are fully justified but only point is whether these benefits find their true reflection in the cost of production of a product manufactured in the large industry. The answer is 'no'. Then who bears the cost? It is ultimately the state *i.e.* the public at large. Therefore, it is the social cost incurred by the society which amounts to subsidisation of a product.

In addition to financial support, the state provides certain fiscal concessions to the units set up in the large industry. These fiscal concessions in custom duties, excise, income-tax, sales tax are in the shape of incentives. The main objective of these concessions is to stimulate investment in a particular line of production or in a particular area. These are applicable to the individuals as well as to corporate bodies. Largely, these are provided in the formative period and are reduced in course of time. In some cases, these incentives are provided for achieving higher performance.

The investment allowance which is offered to a large range of industries, the tax holiday for new industrial undertakings, concessions given to set up industry in backward areas, special incentives offered to small scale units and various other concessions given to industrial undertakings considerably reduced the effective rates of corporate taxation.

There is always a complaint that Indian economy is highly taxed one. But it is equally true that the economy offers a wide range of concessions and incentives. Broadly, the following major tax incentives are provided:

Incentives for savings and investment

1. *Tax holiday for new industrial undertakings and for dividends on shares thereof.*

New industrial undertakings are exempt for a period of five years from income tax on their income upto 7.5 per cent of the capital employed in the undertaking.

2. *New tax holiday.*

The new tax holiday has been allowed in relation to the new industrial undertakings set up at any time within a period of four years next following, March 31, 1981. Tax holiday will be available for a period of ten years.

3. *Exemption from tax on certain proportion of income from new industry set up in specified backward areas.*

This incentive is intended for promoting industrial development of backward areas. A deduction equal to 20 per cent profits or gains derived by a new industrial undertaking set up in the specified backward areas is allowed in computing this taxable profit.

4. *Tax concessions for small scale industrial undertakings set up in rural areas.*

A deduction equal to 20 per cent of the profits derived from small scale industrial undertakings set up after June 30, 1977 in rural areas is made admissible.

5. *Depreciation Allowance*

The tax payer is entitled to a normal depreciation allowance on buildings, furniture, plants and machinery at prescribed rates.

6. *Investment Allowance*

The earlier scheme of development rebate as also initial depreciation allowance have been deplaced by a scheme of investment allowance. A deduction on account of investment allowance is allowed at the rate of 25 per cent on the cost of new plant or machinery.

7. *Higher rate of investment allowance for promoting scientific and technological self-reliance.*

With a view to promoting scientific and technological self-reliance, the government has provided an incentive to the users of know-how developed in our country by granting investment allowance at the higher rate of 35 per cent in respect of machinery or plant installed for the purpose of manufacture or production of any article which is manufactured or produced by using any technology or technical know-how developed in the country by any institution recognised in this behalf, by the prescribed authority.

8. *Grant of Investment Allowance*

This is intended to enable the industry to build up a reserve for acquiring new plant or machinery within a period of ten years.

9. *Deduction of expenditure on scientific research.*

All revenue expenditure incurred on scientific research relating to the business is admissible in full as deduction in computing the taxable business profits. Capital expenditure on scientific research which was previously allowed to be amortised over a period of five years is now allowed in full as deduction in the year in which such expenditure is incurred.

10. *Amortisation of the cost of patent rights and copyrights*

Capital expenditure incurred on acquisition of patent rights or copyrights is allowed to be amortised in equal annual instalments over a period of 14 years.

11. *Export markets development allowance*

The Income-Tax Act provides for grant of export markets development allowance in the form of a weighted deduction from income of an amount equivalent to one and one third times the expenditure incurred by resident tax payers on export promotion.

12. *Agricultural development allowance*

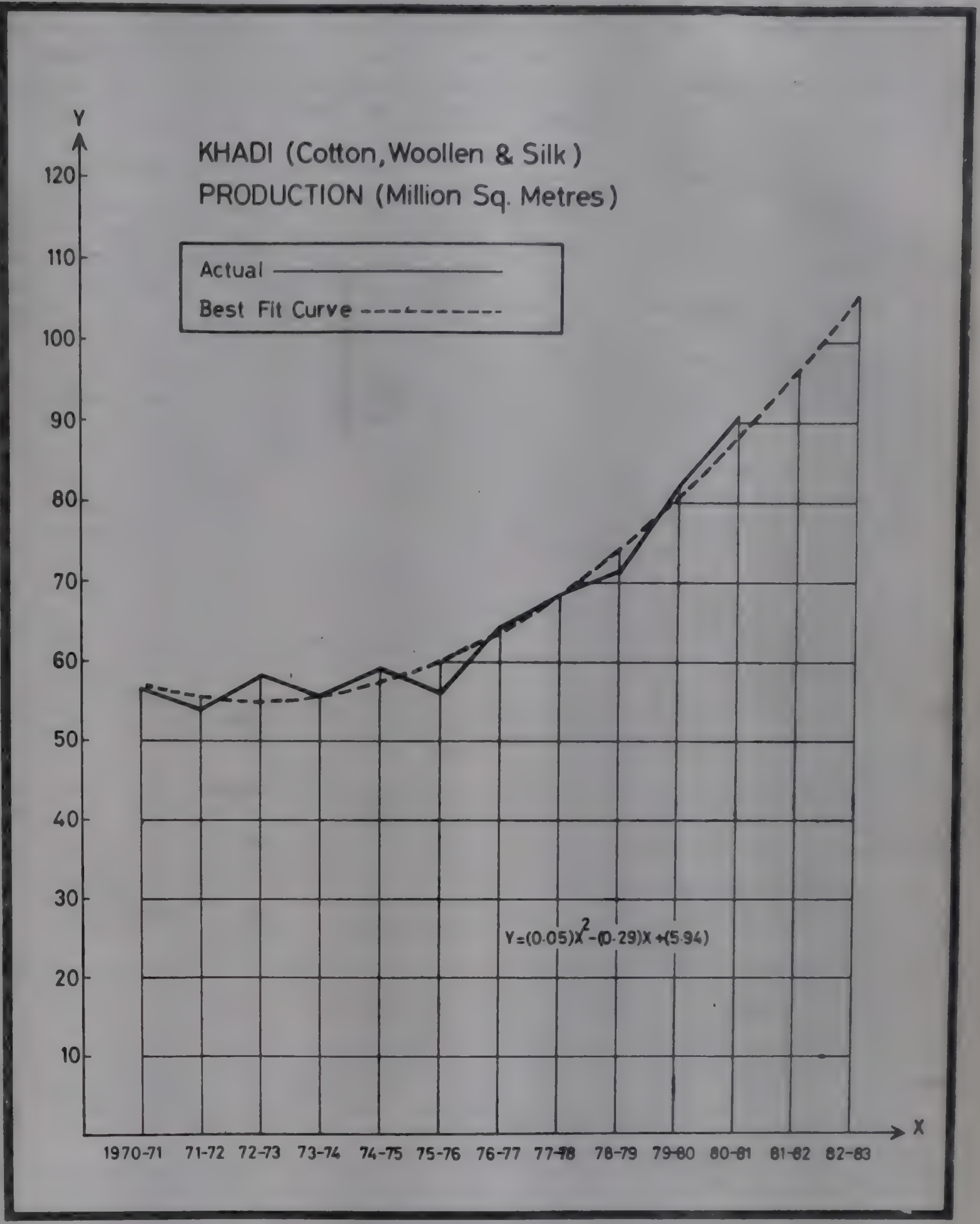
This is an incentive for improving the agricultural productivity and increasing supplementary food resources. This incentive is available to companies which use the products of agriculture, animal husbandry or dairy or poultry farming as raw material for their manufacturing and processing activities in the form of weighted deduction from income equal to one and one fifth times the amount of expenditure incurred on certain items.

13. *Concessional treatment of inter-corporate dividends.*

A specified percentage ranging from 60 to 100 per cent of inter-corporate dividend income received by a domestic company is exempt from tax.

14. *Exemption of income from dividend and interest upto certain specified limits.*

Certain income from dividends from Indian companies and Unit Trust and interest on bank deposits upto a specified ceiling is exempt from income tax in the hands of share-holders depositors.



15. *Carry forward and set off of accumulated business loss and carry forward of unabsorbed depreciation in certain cases of amalgamation.*

In order to facilitate the merger of sick industrial units with sound ones, incentive has been granted to carry forward and set off of accumulated business loss and carry forward of unabsorbed depreciation in case where there has been an amalgamation.

16. *Five-year 'Wealth-tax Holiday' for equity shares in new industrial companies.*

Individuals are exempt from wealth tax in respect of value of equity shares which form part of the initial equity capital made by new industrial companies.

17. *Wealth-tax exemption for share and other specified investments up to Rs 1.50 lakhs.*

In addition to five year tax holiday for equity shares of new industrial companies available to all tax payers, the wealth tax provides certain exemptions.

18. *Amortisation of preliminary expenses (i.e. expenses on market and other surveys and on feasibility and project reports etc.)*

This is a new incentive for promoting the setting up of new industrial units.

19. *Tax credit certificates.*

These are intended to encourage (a) exports (b) investment in equity shares of new industrial companies (c) increased production of specified goods (d) increased profits and (e) shifting location from urban areas.

20. Complete tax holiday for industrial units situated in free trade zones;

21. *Other incentives*

(i) Deduction of expenditure incurred by companies for promoting family planning amongst employees.

(ii) Exemption of remuneration of Indians from foreign educational institutions.

(iii) Deduction in respect of remuneration from foreign employees.

(iv) Deduction in respect of remuneration received by Indian technicians etc, in foreign currency from Indian concerns for rendering services outside India.

(v) Exemption of professional foreign income of Indian authors, play wrights, musicians and actors.

(vi) Deduction of expenditure incurred by companies and co-operative societies on rural development

(vii) Exemption in respect of assets etc, brought into India by persons of Indian origin.

(viii) Exemption of investment by non-resident Indian citizens in equity shares in priority industries.

(ix) Exemption of 40 per cent of income from provision of technical know-how or technical services.

(x) Special deduction for Indian companies on income from provision of technical know-how and technical services to foreign enterprise.

In addition to the above, the following incentives are also available:—

(i) Large industry units are entitled for transport subsidy for carrying raw materials to in accessible areas and finished products back.

(ii) Some of the large industry units are also entitled for cash assistance of 15 per cent for certain specified industries for exports. There also exists a provision for import replenishment and institutional arrangement in the form of export promotion councils for different industries has been created for assisting the manufacturers to identify suitable foreign markets and their demand potential.

These councils assist in establishing contacts with foreign buyers. The Government of India has created the State Trading Corporation which is also a specialised agency engaged in promotion of exports as well as undertaking imports of selected commodities. The government has also formulated various import substitution schemes for which additional incentives are provided.

(iii) In India, the Government is a single largest purchaser of various types of commodities. Government purchases provide the required fillip to the producers. It has been observed that large industry is usually the major beneficiary of government purchases since it is in a position to secure bulk orders and execute them. Cottage and village industries sector find it very difficult to meet the rigid specifications, and observe the supply schedule.

(iv) The government has also made arrangements for ensuring supplies of certain critical inputs required in the industy. Here again, the prime beneficiary has always been the large industry sector. Concessions are offered for supply of electricity required for the industry which is usually at concessional rates.

Take-over of sick units

In addition to fiscal, financial and state support, the government intervenes if the large industry units become sick, the noteworthy example being that of take over of sick textile units and their subsequent nationalisation by the government with compensation. Banks also provide concessional finance for revitalisation of sick units and thus subsidise their production costs. The state has created an institutional arrangement for removal of sickness in large industry units. The Reconstruction Corporation of India provides necessary facilities.

To protect the indigenous industry, the government formulates import and export strategy by which an inbuilt protection through custom duties is provided. This is also subsidisation since it creates conditions of sheltered market to enable the indigenous units to flourish.

Concessions for small industry

Various concessions are available to the modern small scale industry. A long list of 850 reserved items has been drawn. The present definition of modern small scale industry units covers only capital cost on plant and machinery. Consequently, the modern small scale industry units are relatively of a bigger size, and they cannot be compared with the cottage and village industries. For modern small scale industry, the Government has created specialised agencies for attending to their various problems like infrastructure, servicing, manufacturing, long term credit, raw material supply etc. Compared to modern small scale industry, the cottage and village industries products have to face a rough sea all along. They have to face competition not only from the large industry units but also from modern small scale industry units.

Social benefits conferred by the organised industry (large as well as small) could be listed as under:

(i) production of goods at a relatively lesser cost in adegate quantities and ensuring fuller utilisation of resources;

(ii) earn foreign exchange so that faster development of the economy would be possible;

(iii) ensure supply of various types of products to the consumers and to enable them to raise their standard of living;

(iv) provide revenue to the government and other bodies in the shape of income tax, excise, sales tax, octroi etc.

(v) creating employment opportunities at a relatively higher levels of income;

(vi) accelerate the process of industrialisation;

Benefits of village industries

As against this, the benefits conferred by cottage and village industries are as follows:

(i) These activities are primarily labour intensive and have capacity to create employment opportunities at a relatively low cost with less gestation period and solve the problem of unemployment as well as under-employment and consequently enable the people to come out of the poverty trap.

(ii) The income generated in rural areas would create internal demand which, in the long run, is beneficial to the organised counterparts in urban areas. The falling purchasing power in the country-side is harmful for the growth of modern large industry. At present, the urban industries are finding it difficult to sell their goods because of erosion of purchasing power internally on the one hand and acute competition in the international market on the other.

(iii) It produces goods of common necessities and hence it is anti-inflationary in nature. It would also ensure supplies of these goods of common necessities so that scarcities of these commodities can be reduced.

(iv) It is possible to utilise the non-conventional raw materials which otherwise would have been wasted by non-utilisation. It would also be possible to utilise the leisure time of the women and the people in agriculture who do not have sufficient work because of inadequate monsoon or prevalence of marginal farms. It would be a supplementary source of income.

(v) It would reduce the exodus to urban areas so that the problem of slums and urban unrest would be arrested. This would reduce the social cost on policing and administration.

(vi) It would also avoid unnecessary transhipment of goods and services from one place to another, thereby saving unnecessary expenditure on overheads. The resource based industries are economical in the long run. The present distortions in the economy wherein the raw materials are produced at one end and their processing takes place at the other extreme end have ultimately resulted into unnecessary escalation in the cost of manufacture.

Concessions for village industries

The cottage and village industries today enjoy the following concessions:

(i) Finance, both capital expenditure and working capital, is provided at concessional rate of interest. It is 4 per cent in the case of village industries and at zero per cent in the case of khadi. The Government has formulated a special scheme of interest subsidy to enable the institutions engaged in KVI to obtain credit from financing institutions. The ultimate rate of interest it at 4 per cent and the difference between the lending rate of the financing institutions and 4 per cent is subsidised by the government.

(ii) The products of KVI are enjoying exemption from income-tax, excise to some extent, and from sales tax in some states. In some states, octroi is also exempted but there is no uniform exemption.

(iii) Khadi is entitled for cash assistance of 15 per cent for exports.

(iv) In hill, border, tribal and backward areas, the government has sanctioned liberalised pattern of assistance under which grant component in capital expenditure for toools, equipment, machines etc is to the extent of 75 per cent for individul artisans and 100 per cent to the institutions.

(v) certain varieties of khadi enjoy rebate to the extent of 10 per cent throughout the year and all the varieties of khadi enjoy special rebate of 5 per cent for a period ranging from 30 to 90 days in a year. In addition, some of the state governments also provide a matching rebate of 5 per cent during special rebate period.

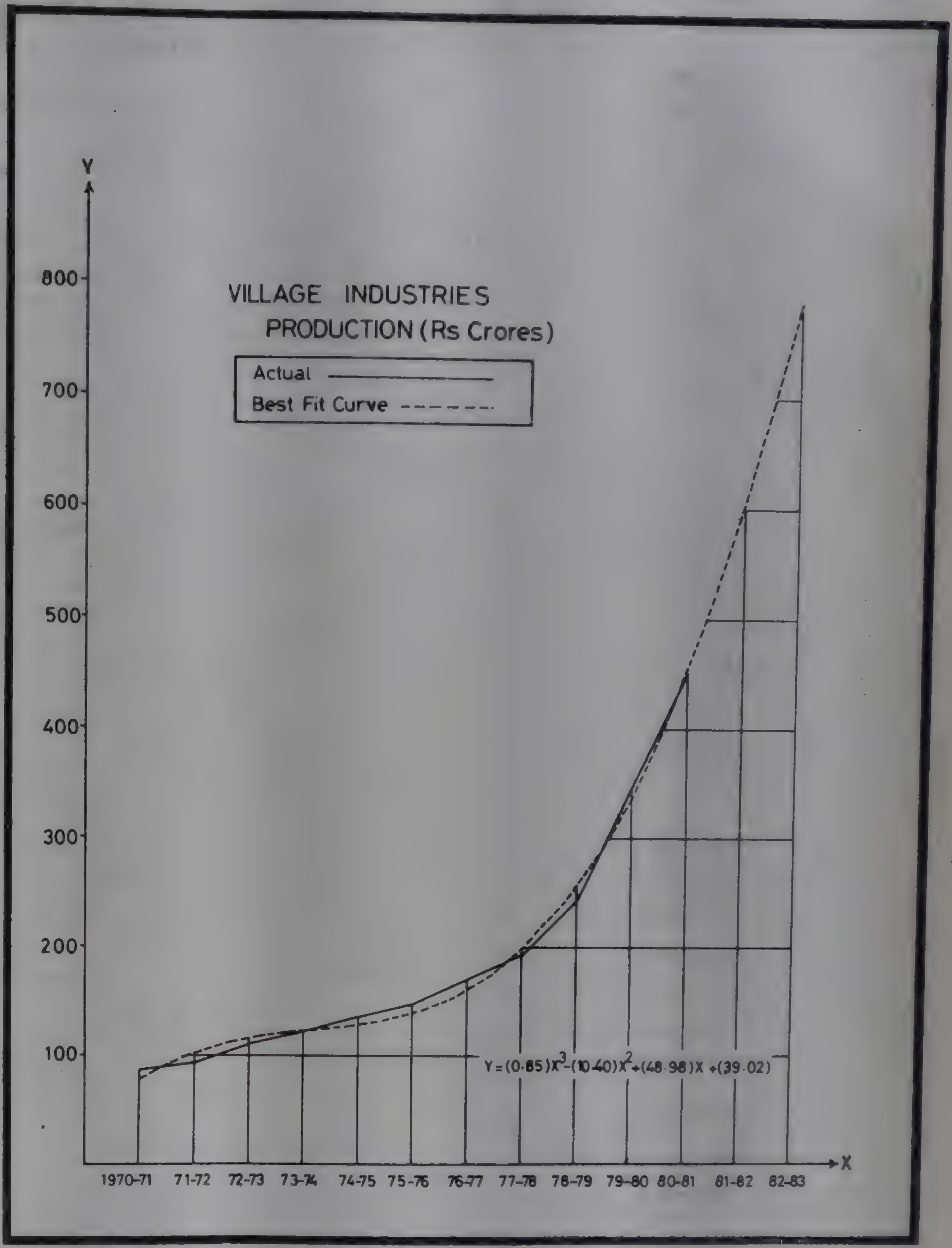
(vi) In certain industries for tools, equipment and machinery, there is a grant component in capital expenditure although it is at a reducing proportion over the years.

(vii) KVI products do not enjoy any reservation. However, the DGS & D undertake purchases of some of the products but its proportion is relatively small hardly 2 per cent of KVIC sales in a year. Some of the state governments like Gujarat and Tamil Nadu have accorded purchase preference.

(viii) KVI activities have been brought under the priority sector for deployment of credit and they enjoy certain concessions of lower margin, standard lower rate of interest and priority in receiving the credit. This broadly is the social cost incurred on KVI activities.

If social cost and the social benefits *i.e.* the monetary equivalent of various types of grants, subsidies, rebates and fiscal concessions and earnings/wages generated by KVI activities are compared at a point of time and over a period of time, it would be clear that KVI activities provide relatively more through income and employment generation compared to the social cost involved and while doing so, the KVI activities ensure the supply of products, utilisation of non-conventional raw materials which otherwise would have gone waste, avoidance of expenditure on unnecessary migration of people, maintenance of ecological balance and harnessing the leisure time of millions of people. The conclusion emerges that the social benefit in several respects is more than the social cost incurred on these activities.

A comparative cost benefit analysis can be made on the basis of available data. Table 3 furnishes the ratios of the financial cost compared to wages/earnings and net value of production in KVI sector.



Therefore, the cost of job creation is relatively much less in cottage and village industries compared to organised industries in urban areas. It is true that the capital output ratio or per capita wages would be relatively higher in the latter. It is also true that the cost of production would also be higher in village industries in some cases but looking to the social advantages as enumerated above, all the scales go in favour of village industries.

Rural industrialisation should be the cardinal plank of the future industrial policy. The road to prosperity lies through rural industrialisation. This does not mean that all the shutters of the organised industries should be closed down. Nobody takes such an extreme view of the situation. It is a harmonious blend of organised and cottage and village industries. With appropriate measure of coordination and co-operation and demarcation of spheres with support mechanism it would be possible to achieve the twin objectives of higher output and higher employment *i.e.* growth with social justice. This will ensure more equitable distribution of resources and income. It would also be possible to restore health to the economy.

Table 3: Cost-benefit analysis (Position in 1980-81)

	Item	Khadi	V. I.	Total
1.	Net value of production (Rs crores)	65.27	167.81	233.08
2.	Wages/earnings (Rs crores)	52.61	101.34	152.95
3.	Net Grants* disbursed during the year including sales rebate (Rs crores)	12.91	7.37	20.29
4.	3 as % of 1	19.78	4.40	8.70
5.	3 as % of 2	24.54	7.27	13.18

* Includes capital grants, management grants, rebates, interest subsidy on bank loans, training R & D etc. But this does not include subsidy in lieu of interest on Government loans

Khadi in eighties

By Y. C. SHARMA

THOUGH khadi, the hand-spun and hand-woven cloth, has been a part of Indian economic and cultural life from the beginning of Indian civilisation, khadi, as a planned and conscious economic programme to improve the lot of the down-trodden, and instill in them a sense of self-confidence and self-respect, is only about six decades old. However, despite the fact that khadi developed into a powerful movement with the help of nationalistic forces, the production of khadi hardly reached Rs one crore, when India become independent. In 1953-54, i.e. the first year of the formation of the erstwhile All India Khadi and Village Industries Board, the total production of khadi was Rs. 2.19 crores. It is indeed a matter of great satisfaction that khadi production reached the higher ever figure of Rs 111.00 crores in 1980-81 and in 1984-85 at the end of the Sixth Plan, it is expected to reach Rs 250.00 crores. (For details please see Table 1).

Economic compulsions

How has this phenomenal growth of khadi been possible, particularly during the last three decades? If the prophesies of the Gandhian critics, who conceived no key role for the khadi movement in the economic regeneration of the nation, were to be true, there would be no future for khadi at all. But the rapid strides khadi has made have amply proved the soundness of Gandhiji's thinking in this regard. He was clear in his mind that through khadi alone, large-scale gainful employment could be created throughout the country to give succour to the rural poor and add to their meagre income by providing them work at their doorsteps with small investments of capital. The challenge thrown by Gandhiji to his critics in the twenties to suggest a better alternative of providing work to large numbers of unemployed people in rural India remains today. Gandhiji offered to destroy the charkha himself, if any person could suggest a better alternative for providing employment to the needy in the villages. Basically, the national economic scene has not changed much since Gandhiji threw this challenge, if it has, it has changed for the worse.

Our population which was 361 million in 1951 has reached the staggering figure of 684 million in 1981, steadily increasing at the rate of about 20 per cent to 23 per cent per decade. Despite all efforts made to educate people in family planning, the trend is not likely to be different in the eighties. However, the generation of new employment opportunities has not kept pace with the rapid increase in population, resulting in an increasing backlog of unemployment. According to official reports, there are atleast one crore fully unemployed, and another crore chronically under-employed people, for whom work must be created immeditely. Naturally, the impact of increased unemployment is disastrous for the villages and cities alike. Unfortunately, it has not been possible for the planners to present a plan as yet, which would halt this unfortunate trend. Additional work opportunities are likely to fall far short of the net addtion to the working population, even during the eighties.

Further, despite massive investments in big projects and rapid economic growth in various fields of economic life, the nation has not been in a position to make a dent on poverty, mainly on account of the high population growth rate and some wrong priorities. As a result, poverty has increased. In 1980-81 as much as 45 per cent of the rural population was estimated to be living below the poverty line, while the same percentage for urban areas is about 54 per cent. On the other hand, in a poor country like India, there is a perpetual and acute shortage of capital for investment in various economic activities. To sum up the situation, despite the efforts of the Government to improve the economic conditions of the country, increasing unemployment, poverty, and capital shortages are likely to continue in the eighties. This is enough social and economic justification for not only continuing the existing khadi programme, but also expanding it.

Khadi an integral part of plans

Fortunately, this position has been accepted by our planners. Consequently khadi has been given a definite place in our successive plans, though one may say that resources provided for the development of khadi after the Second Plan have not been commensurate with the important role, which it can play or has been expected to play in providing additional employment. The situation is not likely to change in the seventh plan also, which would last up to 1990. On the other hand, it

Table I: Statements of khadi production in selected years and Sixth Plan targets.
(Quantity : Lakh Sq. metres, Value : Rs in lakhs.)

	KHADI							
	Cotton		Woollen		Silk		Total khadi	
Year	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1	2	3	4	5	6	7	8	9
1953-54	85.85	190.33	9.39	24.20	0.73	4.50	95.97	219.03
1960-61	490.59	1116.02	35.92	222.37	11.14	85.10	537.65	1423.49
1970-71	496.28	1758.54	54.99	583.50	16.10	242.57	567.37	2584.61
1977-78	572.17	4241.11	84.77	1574.51	27.18	673.31	684.12	6488.92
1978-79	594.66	4899.74	91.98	1951.10	28.41	802.93	715.05	7653.77
1979-80	684.77	5987.18	106.81	2222.26	31.16	993.23	822.74	9202.69
1980-81 (Estimated)	729.37	7100.00	137.20	2600.00	42.53	1400.00	909.10	11100.00
1981-82 (Target)	806.33	7750.00	147.52	2800.00	54.15	1800.00	1003.00	12350.00
1984-85 (Target)	1447.82	14240.00	389.47	7400.00	101.82	3360.00	1939.11	25000.00

Mr Y. C. Sharma is Dy. Chief Executive officer (Khadi), Khadi and Village Industries Commission.

would be well to remember that the production of khadi in 1980-81 at 99.9 million sq. metres, is less than 1 per cent of the total textile production in the country which stood at 1,08,730 million sq metres in 1980 (table 2). However, this proportion is likely to improve to 1.5 per cent at the end of Sixth Five Year Plan (1985), when the total production of khadi is expected to reach 193.9 million sq metres against the total production of cloth at 13,300 million sq metres in all sectors of textile industry in India. Though it will be a relatively small change, in absolute terms it will be a big leap for khadi. If the same trend continues even in the Seventh Five Year Plan, the position is likely to be much more favourable to khadi at the end of eighties. Targets for khadi in Sixth Plan visualise a compound growth rate of 22 per cent per year. As compared to the targeted growth of the textile industry on the whole for the same period, this growth seems to be very ambitious. Some people may even doubt whether it will be possible for the khadi sector to achieve this high rate of growth? However, if we look at the growth rate for khadi from 1977-78 to 1980-81. This growth rate during the Sixth Five Year Plan does not seem to be unrealisable. During the last four years, khadi has already recorded a compound annual growth of about 19 per cent on an average.

Pre-conditions of success

It goes without saying that it would be possible to realise the targeted production during the Sixth Five Year Plan only if the required capital expenditure loans for equipment and worksheds, and working capital are made available for the khadi sector. It is really very heartening to note that apart from making plan and non-plan allocations for the projected growth of khadi, sincere efforts are being made by all concerned to channelise institutional finance for the rapid development of khadi. There is a cash credit limit of about Rs 10 crores for the Khadi & Village Industries Commission to purchase cotton and wool. The khadi institutions have also been given loans worth some crores by the banks for the development of khadi. This trend is likely to be continued.

Another important precondition for realising the khadi production targets for the Sixth Five Year Plan, is efficient marketing facilities for khadi products. At present, most khadi is sold in certified bhavans and bhandars located in cities, towns and semi-urban areas. There has not been much difficulty in marketing the khadi produced, of course, though not much importance has been given to consumer preferences and tastes. However, with a steep increase in production within a short span of time (say 5 years), much more importance will have to be attached to market studies, to find out consumer needs and preferences, and production will have to be reorganised according to market trends. Further, much more attention will have to be paid to the development of rural markets where khadi is not much sold even though it is mainly produced in villages.

There is a particular need to expand the market for readymade khadi garments, some of which are already selling like hot cakes. It is a well known fact that with increasing inflation and urbanisation, tailoring charges are becoming almost prohibitive for the common man. Sometimes tailoring charges are higher than the cost of cloth. However, in khadi stitching charges are kept quite low, by utilising the services of widely scattered small tailors in rural and semi-urban areas. The benefit of low stitching charges is passed on to the customers purchasing ready-made khadi garments, which to a very great extent covers up the difference between the cost of khadi cloth and the corresponding quality of mill or handloom cloth. The result is that many khadi ready-made garments are priced so reasonably that they attract a large number of customers —for example, readymade cotton khadi kurtas, payjamas, bush shirts, maxies, kaftans, as well as woollen khadi coats and jackets, raw silk shirts and silk saries. There is need to make untiring efforts to popularise khadi ready-made garments. Of course, every care will have to be taken that khadi used for making ready-mades is of real good quality, and stitching upto modern standards.

Types of khadi—Cotton khadi

There are three types of khadi, cotton khadi, woollen khadi and silk khadi. Each type has its own special features and problems, which require special treatment. The most important type is cotton khadi, which accounts for more than half of the entire khadi production. In the case of cotton khadi, its cost is higher than the corresponding varieties of mill made cotton cloth or handloom cotton cloth, particularly, medium count fabrics and fine fabrics, mainly because of the higher manual labour component. However, certain varieties of coarse count khadi such as khes (covering sheets), towels, tapestry cloth, malasia cloth, etc, have a special appeal to custumers, because of their inherent qualities. There is no difficulty in marketing these khadi articles. Similarly, in the case of superfine khadi fabrics, particularly khadi muslin of more than 150s (above 80s British count) has registered rapid growth within a few years only. Very few mills produce cloth of more than 80s (British), and practically no cloth is being produced by mills of more than 150s (Metric). Therefore, in the field of muslin or Dacca muslin as it is called, khadi has practically no competitor and whatever is produced is sold immediately.

Table 2 : Total production of cotton blended cloth in India.

(Million metres)

Year	Mill cloth		Handloom & Powerloom			Total	Grand total including 100% non-cotton fabrics. details of which are not given in the table
	Cotton	Blended	Cotton	Blended	Cotton	Blended	
1951	3727		1013		4740		
1961	4701		2372		7073		
1971	3957	*148	3399	100	7356	248	8577
1978	3251	983	4074	765	7325	1748	10548
1979	3206	942	4334	731	7540	1673	10527
1980	3476	*696	4838	535	8314	1231	10873

* **Note :** the production of 100% non-cotton fabric in decentralised sector also rose steadily from 973 million metres in 1971 to 1328 million metres in 1980. The total production of cotton/blended and 100% non cotton fabrics in 1980 was 10.873 million metres

It will be seen from Table 3 that while the production of cotton yarn from 1s to 10s and 11s to 20s (British) has more or less remained constant, during the last three decades the production of yarn from 21s to 30s (British) has gone up steadily, and yarn production from 31s to 40s has also gone up considerably. Similarly, while the production between 41s to 60s (British) has remained constant, the production of cotton yarn of the counts 61 to 80 (British) as well as above 80s have gone up considerably. It will be thus clear from Table 3 that there is an increasing trend towards more production of higher count yarns in the broad cotegories of medium and fine. Similarly, while the production of course and higher medium cloth by cotton mills has remained more or less the same during last 10 years or so, the production of lower medium cloth has gone down considerably (Table 4). However, in view of the climatic and economic conditions of the Indian people, particularly in the rural areas, more cotton cloth of the coarse category and lower medium category should be made available. With the increase in population, a major portion of which will be in rural areas, the demand for these two varieties is likely to increase considerably in the villages, while in the urban areas, there will be more demand for superfine varieties, such as khadi muslin. It will be prudent for the khadi sector to take note of this fact and concentrate more on production of khadi of the coarse variety and lower medium varieties as well as extra superfine varieties. Next, priority in khadi production will have to be given to varieties, used for making popular low priced readymade clothes.

Per capita availability

One significant fact to be remembered in the context of cotton khadi is that since 1961, the total per capita availability of cotton cloth has been steadily decreasing. This has put the common man to some hard ship because most of his textile requirements are met by cotton cloth only. (Table 5). This table shows that of late, the per capita availability of blended as well as non-cotton fabrics has increased to some extent. These fabrics are generally purchased by the middle and upper classes. Therefore, if to raise the standard of living of the lower strata of society the per capita availability of cotton cloth would have to be increased considerably, to meet its day to day requirements. When the cotton mills, as well as the handloom sector are concentrating on increasing their production of blended and non-cotton fabrics, the task of making more cotton cloth available to the common man will have to be fulfilled by the cotton khadi sector.

Another trend in cotton khadi, which is likely to be strengthened in the years to come is a gradual shifting from traditional khadi to NMC khadi, NMC khadi is becoming more dominant. Its existing share is 50 per cent in the total production of cotton khadi, because more people are getting attracted to khadi as a source of fulltime employment rather than as a means to supplement their income. Of course, there is need for the rural poor to find means of earning supplementary income, and it could ideally be done by plying traditional charkhas in their homes during their spare time. Thus, there will always be traditional yarn available in the country, particularly in northern India and the production of traditional yarn and khadi could be expanded just for the asking. There would also be a ready market for the same. The production of NMC khadi in the total cotton khadi production will gradually increase, as more and more NMC sets are introduced in the field to provide full time employment. This would result in the production of slightly cheaper khadi, which would be at the same time superior in quality. In this context, it may also be pointed out that the KVIC is making a sincere effort to devise better instruments for e.g. pot spinning charkhas for spinning coarse count yarn which would improve the quality of yarn, as well as enable artisans to earn reasonable wages for full time work. So far as Muslin charkhas are concerned, they have been instrumental in ensuring higher wages to spinners than NMC charkhas, and they could very well be plyed in areas with moist climates e.g. Bengal, Orissa, Kerala, and the coastal areas of Andhra, Karnataka and Tamilnadu.

More attention will also have to be paid to better and cheaper processing of cotton cloth, particularly dyeing and printing. Khadi would do better to develop its own distinctive designs rather than copy the stereo-typed mill designs. It will go a long way to ensure a ready marketability of khadi fabrics and readymade garments.

Woollen khadi

So far as woollen khadi is concerned, though its cost is slightly more than the corresponding cloth of the handloom sector or mill sector, it has its own inherent advantages. Khadi fabrics and blankets alone can boast of using 100 per cent virgin wool, which provide more warmth to consumers than mill products. Therefore, khadi blankets will continue to enjoy consumer preference, particularly as civilian blankets. The same argument applies to many varieties of woollen khadi apparel cloth. The cost of mill-made woollen fabrics and woollen-blended fabrics is becoming more and more prohibitive. By comparison, khadi apparel cloth using virgin wool is quite competitive and more comfortable. However, the woollen shoddy cloth produced by mills and the small scale sector is posing a threat to woollen khadi, because of its smooth finish and low cost. But, the shoddy cloth is not as warm and lasting as woollen khadi. But, khadi customers will have to be informed of the difference.

The ready-made woollen khadi garments, like some cotton khadi

Table 3 : Production of cotton yarn by indian mills according to count groups

Year	1s to 10s	11s to 20s	21s to 30s	31s to 40s	41s to 60s	61s to 80s	Above 80s	Total
1951	42 (7.1)	284 (48.0)	205 (34.7)	* —	60 (102)	* (—)	* (—)	591 (100.00)
1961	87 (10.1)	296 (24.3)	274 (31·8)	146 (16.9)	35 (4·1)	17 (2.0)	7 (0.8)	862 (100)
1971	103 (11.7)	224 (25.4)	253 (28.7)	177 (20.1)	74 (8.4)	28 (3.2)	22 (2.5)	881 (100.0)
1978	103 (11.3)	272 (29·8)	223 (24.4)	206 (22.6)	65 (7.1)	28 (3.1)	15 (1.7)	912 (100.0)
1979	106 (11.1)	282 (29·6)	260 (27.3)	203 (21.3)	60 (6.3)	27 (2.9)	14 (1.5)	(10952 0.0)
1980	117 (11.1)	298 (28.2)	289 (27.3)	239 (22.6)	67 (6.3)	32 (3.0)	16 (1.5)	(11058 00.0)

N. B.
1. Above counts are British count .
2. Figures in bracket indicate percentage to total
3. * For the year 1951, figures of count groups 31s-40s are combined with figures of count groups 21s -30s, and figures of count groups 61s-80s and above 80s are combined with count groups 31s-60s.

garments, are more attractive to customers owing to low tailoring charges gowns, coats and jackets etc. Therefore, there may not be much difficulty for the woollen khadi industry to stand on its own in the years to come, especially if it concentrates on making more readymades. Further, in the case of woollen khadi also, apparel cloth of better designs and texture will have to be produced to satisfy customers. More attention will have to be paid to the question of better processing, specially to ward off the risk of shrinkage, which is the main complaint of the customers, buying Merino woollen khadi. Similarly anti-pulling treatment of woollen khadi would have to be popularised to ensure better appearance during use.

Lack of uniformity

So far, the production of woollen khadi has been with the help of traditional charkhas only, e.g. Khada charkhas and Bageshwari charkhas. Consequently, lack of uniformity and variations in the strengths of hand spun yarn are quite high at present. (Of course sometimes, these variations heighten the special features of khadi). The lack of uniformity creates insurmountable hurdles in the way of standardisation of woollen khadi fabrics as well as blankets. With great perseverance, the Khadi & Village Industries Commission has developed a ring spinning frame for spinning Merino wool tops. This has greatly improved the quality of the fabric because of more uniform yarn. It has also ensured much higher wages to the spinners. Now efforts are being made to apply this very technique to the spinning of Indian wool also. It is hoped that quite soon the techniques and equipment will be perfected for introducing ring spinning in the field of handspinning with Desi wool also, resulting in higher productivity and wages to the majority of artisans. During the next decade, more emphasis will have to be laid on the introduction of ring spinning in the woollen khadi industry. The KVIC may have to go one step further in the eighties, and introduce ring spinning among artisans spinning yarn for making blankets. If it achieve this it will be a big leap forward in standardising the quality of blankets and reducing their cost. With improvements in the quality of yarn, the proportion of hosiery production with handspun yarn has also been increasing steadily. However, some planned efforts will have to be made for developing hosiery with handspun yarn in larger production to suit modern requirements and tastes.

Silk khadi

Silk khadi enjoys a distinctive reputation among its Indian buyers for quality products and quite competitive prices, as a result of the rigorous adherence to cost charts prescribed by the Commission. Khadi silk ***saris*** are a craze with Indian ladies of modest means. However, utmost care will have to be taken to ensure that these features of silk khadi are preserved to the best advantage of customers, in order to provide more gainful employment through the silk khadi programme. It is in the sphere of silk khadi, that the industry could be oriented towards higher exports. More attention will have to be paid to the standardisation of fabrics. There is a tremendous demand for Indian silk fabrics in foreign countries as well. The khadi silk sector should make an organised effort to take maximum advantage of the export market, which at present is monopolised by unscrupulous traders, bringing a bad name to the country. A streamlining of production methods will have to be under taken keeping in view the export markets. It is high time the potentially of silk khadi is exploited for supplying silk khadi fabrics of dependable quality to foreign buyers.

One important technological breakthrough, in which KVIC can take legitimate pride is the utilisation of silk waste and development of the technique and equipment for producing raw silk fabrics. Before the KVIC took this matter in hand, most of the silk waste was used for manuring. However, the KVIC thought that wealth could be created out of this precious waste. It carried on a well planned research programme to develop the techniques and equipment for utilisation of all types of silk waste, particularly from Tussar cocoons. As a result the product called valcal cloth category of raw and rough silk is being produced now in sizeable quantity, and has found a ready market in India and abroad. Customers, particularly foreigners are quite crazy about it. In the eighties, KVIC would like to further perfect the techniques and equipment for utilisation of silk waste, and produce more raw khadi silk, specially for export purposes.

Table 4 : Mill production of cotton cloth varietywise

(Figures in Million metres)

Year	Coares	Lower medium	Higher medium	Fine	Superfine	Total
1951	332	1903	*	1232	260	3727
1961	790	1528	1986	179	218	4701
1971	503	1038	1753	247	416	3957
1978	442	910	1684	86	129	3251
1979	414	954	1651	65	122	3206
1980	428	898	1952	70	128	3476

* included in "Lower medium".

Table 5 : Per capita availability of cloth

(Metres)

Year	Cotton	Blended	Man-made fibre
1951	10.99		
1961	14.76		1.15
1971	12.40	0.45	1.72
1978	10.21	2.73	2.27
1979	10.22	2.56	1.99
1980	11.25	1.85	1.98

However, the KVIC may have to bring one problem of marketing khadi silk to the attention of the government of India, for suitable solution in the years to come. Normally, there is no rebate available to the customers of reeled khadi silk articles (5 per cent normal rebate is given on hand-spun silk fabrics only) However, during the Gandhi Jayanti or other important festivals periods a special rebate of 10 per cent is available on khadi reeled silk. But in case of handloom reeled silk fabrics, the special total rebate is 10 per cent, which is generally raised to even 20 per cent in very special sales campaign periods. This is done despite the fact that the manual labour cost component is less in the case of handloom silk than in khadi reeled silk. The availability of 20 per cent rebate on all handloom fabrics, including reeled silk articles during special periods puts khadi reeled silk fabrics at a disadvantage. The Government of India may have to be persuaded to give relief to khadi reeled silk to the extent, the handloom reeled silk fabrics are given relief. It would be quite reasonable to conclude that khadi on the whole seems to have quite bright prospects in the eighties.

Need for exploring alternative modes of providing employment in rural areas

By SAILESH KUMAR BANERJEE

KHADI and village industries sector has all along been playing an important role in providing jobs (24.16 lakhs at the end of Fifth Plan) to the unemployed, and more so to the partially unemployed and those who are not gainfully employed. Inspite of development in the organisational sphere from 242 registered institutions and 60 co-operative societies in 1955-56 to 700 registered institutions and 27,842 co-operative societies in 1980-81 it has not been able to tackle rural unemployment effectively.

It has been obvious for some time, that the institutional approach in further expansion of the Khadi and Village Industry programme, has reached a saturation point. Many of the bigger institutions have become leviathan sized, with all their draw backs, such as alienation of workers, artisans, and consumers. Decentralisation of these agencies, though a much needed reform, was not adequate, to meet the twin challenges of democratisation and quick expansion. Hence it was essential to break new ground. The response to the above challenges was on emphasis on the self-employment programme.

The programme has additional merits as well. It suits a really democratic order — sarvodaya. Gandhi was absolutely right in envisaging the self-employed agriculturists and artisans as the corner-stone of sarvodaya — a socio-political order, since it is only economically free people who could be the basis of a really free society. Citizens under the heels of a bureaucratic order or bonded by the shackles of employer-employee relations, and democracy go ill together. Hence a free society must have free people, who are in a position to earn their living as far as possible, as self-employed citizens. This is the philosophical base of self-employment.

Organising this programme on the basis of self-employment has also a pragmatic edge over the existing institutional pattern. The government has had to pass various law for ameliorating the condition of the working class and labourers. However, essential such legislation might be for workers of the organised sector, by and large, the unorganised sector like the Khadi & Village Industries cannot bear that strain. And yet, it is not easy to make any major exception for the khadi and village industries sector in the matter of labour-laws.

There are other plus points in favour of the emphasis on self-employment. Assistance is given to the needy employment seeker direct, without routing the same through any type of intermediary. Naturally, the overheads are less in this process. It also develops peoples' initiative, which is a *sine-qua-non* for a democratic socio-political order.

The case of the self-employed artisans in the field of khadi and village industries can favourably be compared with the existing conditions of employment in the rural areas. Even though the per capita national income is Rs 1,267, the per capita average in rural areas would be much lower, since the rural populatoin below the poverty line is estimated to be 64 per cent, against the national average of about 46 per cent. Further, provision of employment in the rural areas exists for approximately 200 days in a year. Hence, steady employment throughout the year with a reasonable income to the self-employed artisans in the khadi and village industries fold, are encouraging factors in this field.

Self-employment

With as little investment as Rs 2,000, a self-employed artisan engaged in collection of lime stones and shells and burning the same in a back-yard kiln can earn between Rs 15 to Rs 20 per day, almost throughout the year. Similarly a self-employed youth engaged in chalk-making can earn about Rs 5 to Rs 7 per day with an investment of merely Rs 2,000. If a young man or girl can arrange to get paper pulp from a hand-made paper unit, he or she can earn between Rs 7 to Rs 10 per day by paper lifting, for which not more than Rs 5,000 is needed as investment for equipment.

A good carpenter or black-smith has regular demand. With an investment of a few hundred rupees for his tools, he can easily earn Rs 10 to Rs 15 per day. If he can procure a little more finance to stock raw materials like timber or iron, or can install a few machines like electric saws or lathes or drills, his income goes up by three to four times. The improved bran making machines introduced by the commission are already giving an earning of Rs 10 to Rs 12 per day with an investment of Rs 1,500 only. If the self-employed youth could find little more money to make bulk purchases of the required variety of fibre in time, his income could be nearly doubled.

The improved potter's wheel is already giving an earning of Rs 8 to Rs 10 per day with an investment of Rs 300. In case of the power operated wheel, one can earn Rs 10 to Rs 15 daily, with an investment of Rs 2,000 only. For an enterprising young man who can set up a kiln and find at least Rs 50,000 or Rs 60,000 for undertaking production of red clay or glazed pottery articles, with a little artistic talent, the income can go up to Rs 800 to Rs 900 per month.

An expert cobbler engaged in shoe making, earns between Rs 12 to Rs 15 per day now, with a nominal investment for his tools. If he is enterprising enough and has been able to find some money to make bulk purchase of raw materials like leather, rubber-sheets and adhesive, he can easily double his income. Equally encouraging is the case of the power-ghani artisan, who can earn atleast Rs 8 to Rs 10 per day, with an investment of Rs 5,000. Since one can easily manage two power ghanies at a time, the income goes up with double the investment.

Women in processing

Processing of cereals and pulses is almost an exclusive field for the girls, even though in most of the village industries, young women can find employment. A traditional dehusker of paddy can earn about Rs 5 to Rs 8 per day, with as little investment as Rs 100 on a dhewki or pestle and mortar. In fact, even though

---

Mr Banerjee is deputy chief executive officer, KVIC, Lucknow.

this industry is languishing due to the inability of the government to give due protection to these artisans as against hullers and husking machines, this is the sector which employs the largest number of self-employed women of the poorest strata even today. New power operated machines and little capital to stock paddy, can enhance the income of these self-employed ladies to Rs 8 to Rs 10 per day. However, the highest income generating industry under this group is papad making. where young girls earn Rs 10 to Rs 15 per day without almost any investment, provided they get raw materials and marketing support.

Similarly, with an investment of less than Rs 100 one can earn about that amount every year, if the investor has a bee box in a suitable area. As he has to pay very little attention to maintain a bee box, he can have a few of them along with other occupation to enable him to get quite a substantial amount every year as a subsidiary income.

Even though spinning cannot be taken up on a self-employment basis in the manner of village industries with tie-up arrangements with an existing institution, a self-employed spinner of NMC could earn Rs 5 to Rs 6 per day and a musling spinner Rs 2 to Rs 3 more per day. Weaving of course, has been a self-employment occupation since long, providing about Rs 7 to Rs 10 per day. But in the organisational set-up of khadi production, this is possible only when there is raw material and marketing support from a certified institution.

In brief, most of the industries in the khadi and village industries fold could provide self-employment to rural youth on a competitive basis, with a low investment. Further, for the weaker sections of the community such as women, the crippled and handicapped, these are avenues of employment which are readily available.

Rural youth

The section of people, who need employment most, are the youth (15 to 29 years), who constitute about 23 per cent of our population and about 73 per cent of the working force. On account of an unfavourable land man ratio and lack of employment opportunities in the villages, the percentage of unemployment and particularly concealed unemployment among the youth in the rural areas, is higher than in urban areas, though quite a sizeable number of unemployed rural youth migrate to the metropolises in search of jobs. This is one of the major reasons for the object poverty of our villagers, who constitute 80 per cent of our population.

The Integrated Rural Development programme, which aims at providing employment to 600 families per block per year, in each one of the 5,011 community development blocks, may appear to be ambitious under the present conditions. It is particularly encouraging because the target groups are the small and marginal farmers, agricultural and non-agricultural labourers' and rural artisans, who are below the poverty line. Of the 600 families to be covered, 50 are allotted to the khadi and village industries sector. Whereas, khadi and village industries have developed in some selected pockets so far, the IRD programme has scope for expansion through-out the country. It envisages covering 2.5 lakh beneficiaries per year, and roughly 10 lakh beneficiaries during the Sixth Plan period.

The national scheme of training of rural youth for self-employment (*TRYSEM*) initiated in August, 1979 supplements the *IRD* programme and is yet another commendable step to help in generating self-employment for rural youth, between 18 and 35 years of age. The target is to train at least 40 youth for self-employment, in all the three sectors *viz* primary (agriculture, horticulture, animal husbandary, fishery, farm forestry etc) secondary (handicrafts, handlooms, khadi and village industry, coir, sericulture, tiny and cottage industry) and tertiary (transport, small business and other services). The *TRYSEM* programme also provides for seed capital by way of subsidy, institutional finance, raw material and marketing support, in addition to giving assistance for procurement of tools of production.

KVIC role

In a way *TRYSEM* is a comprehensive programme of self-employment for the rural youth, beginning from the identification of trainees and industries in which they are to be trained to provision of capital and tools, raw-material and marketing support. It is in fitness of things that the khadi and village industries sector has been assigned a proper role in this frame-work. The khadi and village industries sector aims at reaching an annual production target of Rs 1,200 crores by the end of the Sixth Plan-period in 1984-85, from a production of Rs 412 crores in 1979-80, by providing employment to 50.5 lakh persons against 29.45 lakhs employed in 1979-80. The total investment to achieve the above targets is expected to be to the tune of Rs 1,175 crores, of which Rs 300 crores *i.e.*, little more than 25 per cent is meant for the *IRD/TRYSEM* groups.

In addition to the fixing up of physical targets, through a series of meetings and seminars etc, detailed guidelines have been evolved on the roles to be played by various agencies like the Khadi and Village Industry Commission, the boards, the existing khadi and village industry institutions, the machinery of the state governments and the banks to promote self-employment through khadi and village industries, under the *IRD/TRYSEM* programme. The Khadi and Village Industry Commission has also rightly decided that the existing implementing agencies shall have to bank upon *IRD/TRYSEM* funds for a substantial part of their additional programme for the current year. Yet the response of the existing institutions has been lukewarm.

The problem is one of motivation. While the Khadi and Village Industry Commission has tried to promote motivation through meetings and seminars, what is needed is repeated direct dialogue between the leaders of the commission and the existing implementing agencies. These dialogues should extend to the grass-roots level.

It is mainly the Khadi and Village Industries boards, which have reached the prospective self-employed youth through the machinery of the district industries' centres. Their good performance notwithstanding, by and large the boards have been able to touch only the fringe of the problem. Some of them lack professional expertise leading to red-tapism.

The Khadi and Village Industries Commission also has its problems which could, to a large extent, be overcome by delegation of authority at various levels, to generate more initiative.

The responsibility for creating self-employment through the *IRD/TRYSEM* programmes rests mainly with the Central Government. The responsibility for coordinating all agencies lies with the concerned department of the State Government. But the coordinating bodies at the state level rarely meet. The condition of the district level coordinating bodies is no better. We cannot do justice to this uphill task in a casual manner. What is needed is dynamism.

Training programmes of KVIC— Performance and prospects

By A. RAMA RAO

THE Khadi and Village Industries Commission, which was set up by Government of India as per the Khadi and Village Industries Commission Act of 1956, was entrusted with the responsibility to plan, organise and implement programmes for the development of khadi and village industries. Pride of place was given to plan and organise the training of persons engaged in the production of khadi and village industries. Consequently, the Commission set up a directorate of training to organise the training programmes on systematic lines in the entire country. The Commission's training programme was comprehensive and has the following four-tier structure.

(1) Training of officers and staff of KVIC, state khadi and village industries boards and implementing agencies.

(2) Training of managers and supervisory technical staff.

(3) Training of unit level workers

(4) Training of artisans.

The training for the officers and staff is conducted at Trymbak Vidyamandir, Nasik, which is the central training institute of the Commission. The courses for second category of personnel are organised by zonal training centres and central training institutions of respective village industries. In khadi gramodyog vidyalays and village industries training centres, the training for unit level workers is organised. The training for the artisans is organised at the production centres engaged in khadi and village industries. It may be relevant to mention that the training centres are run either by the directorate of training and by respective village industries or by voluntary agencies with financial assistance of KVIC. The list of such training centres in Khadi and Village Industries respectively may be seen at annexure (A).

The objectives of training are as below:

(1) To upgrade the skills of artisans and others and imparting knowledge and personality traits;

(2) To impart capabilities for absorbing new techniques and technologies;

(3) To bring the available equipment and technology to the artisans;

(4) To remove drudgery in the rural industries and increase the productivity and enable to achieve higher earnings.

The Commission provides free tuition and defrays the travelling expenses of trainees from their home towns to training centre and back to home after completion of training. Free accommodation is given to the trainees in the hostel attached to the training centre and trainees are also given stipends of Rs 150 per month to meet the expenses on boarding etc. They have to reside in the hostel and participate in community prayers and community work which may pave the way for attitudinal changes in favour of dignity of labour. The emphasis is on practical work in the workshops of training centre by handling improved tools and equipment and acquiring new skills for greater production and higher productivity. The theoretical and practical aspects of the industry and related subjects are covered as per the approved syllabus. Minimum qualifications are prescribed for admission in training courses and the candidates are to be sponsored for training by the implementing agencies with specific assurance that they will be engaged in the industry in which they are trained. This will avoid wastage of trained personnel, and ensure their absorption in the industries in which they are trained.

About 7,06,894 persons were trained by the training institutions directly managed or assisted by KVIC from the 1957 till 1978-79. Out of this 5,73,964 persons were trained in khadi and 1,32,930 persons were trained in 21 village industries. The details may be seen in the (Annexure B). Next to khadi with 5,73,964, the largest number of persons trained are in palmgur making and palm products with 54,266 followed by fibre industry with 40,440. Among other village industries, ghani oil, gur and khandasari and village leather account for 6,326; 5,630 and 4,864 respectively. The performance in training of rural artisans during the span of more than two decades (1957 to 1978-79) has not been commensurate with the assigned tasks.

The Khadi and Village Industries Commission has been entrusted with the responsibility of organising production and sale of about Rs 1,200 crores and creating employment opportunities to 50.80 lakhs of people by the terminal year of 6th Plan (1984-85) from the present levels of production and sale of Rs 412 crores and employment of 29.45 lakhs during 1979-80. In addition to budgetary support of Rs 480 crores from the Government of India, about Rs 300 crores are allocated under IRD programme which includes Rs 100 crores from the plan outlay and Rs 200 crores from financial institutions. So far, the practice has been to give financial assistance to the registered institutions or co-operatives or individuals either from KVIC or from state khadi and village industries boards for promotion and development of khadi and village industries programmes. In addition, financial assistance in the form of subsidies can be obtained from district rural development societies and loans from the banks for development of khadi and village industries.

The strategy for alleviating the real poverty is to identify and cover 600 families below poverty line per year in each of 5011 integrated rural development blocks. Four hundred families are to be gainfully employed in the primary sector *i.e.* agriculture, animal husbandry, horticulture etc. and other 200 families in the secondary and tertiary sectors. Out of the 200 families, 50 families will have to be identified and trained for taking up khadi and village industries so as to eke out their livelihood and rise above the poverty line. About one million persons have to be covered under khadi and village industries, whereas the target for additional employment of KVIC by the end of the 6th Plan is two million persons.

Having this gigantic tasks in mind, steps have to be taken to formulate strategy for strengthening the training infrastructure. Before it is done, the existing training infrastructure may be assessed. The KVIC has 19 training centres in khadi and 55 village industries training centres and two training centres for management and marketing. The total intake capacity of trainees is 3500 per year. It may be pointed out that even in states like Gujarat, Haryana, Himachal Pradesh, J&K, Punjab, and M.P., there are no training centres worth the name. As a first step in the direction, a policy decision may have to be taken to set up at least one training centre in each state during the current financial year. On the request of the Ministry of Rural Reconstruction, the Commission took the

---

Prof Rama Rao is director, National Institute of Rural Development, Hyderabad.

responsibility of organising about 110 training centres at selected production centres wherein about 14,455 artisans can be trained per year.

The training programmes of respective village industries are being looked after by the concerned directorates, and there is no coordinating mechanism to review and guide the training programmes. Previously, there used to be a training advisory committee consisting of Members of the Commission and experts in education, which used to give an independent and objective assessment of the training programmes and advise for improving the quality of training. In the absence of such an advisory committee, it is necessary to set up a high level committee under the guidance of Chairman with CEO, FA, Dy. C.E.O. (Khadi), Dy. C.E.O. (V. Ind) and Director (Training) as members. It may be necessary to invite respective village industries directors as their involvement in the decision making will go a long way in enabling them to adopt the training programme of their own.

In a seminar of principals of khadi gramodyog vidyalayas and secretaries of the institutions running the vidyalayas held at Lucknow University, from 28th to 30th July, 1981 it was suggested that multi-industrial training centres be set up each state. These centres should take up training, research and extension services for promoting khadi and village industries in their respective states. One of the existing training centres with adequate infrastructure may be developed into multi-industrial training centre and fully equipped with improved machinery and equipment. The functions of multi-industrial training centre can be the following:

(1) To assess the manpower requirements of the state and identify training needs with special reference to khadi and village industries development.

(2) To evolve and conduct suitable training courses—part-time, full-time, sandwich, orientation and basic—for different target groups as per the field requirements.

(3) To conduct industrial potentiality surveys and prepare action plans for development of khadi and village industries in the state.

(4) To invent and introduce appropriate technologies for reducing the drudgery and augmenting the income of artisans.

Annexture A: Existing training centres under the purview of the KVIC

KHADI:

1. Zonal Training Centre, Nasik.
2. Zonal Training Centre, Bangalore.
3. Zonal Training Centre, Nadathara.
4. KGV, Dimapur.
5. Muslin Khadi Training Centre, Murshidabad.
6. KGV, Kumarikatta, Assam.
7. KGV, Sokhodeora, Bihar.
8. KGV., Gandhi Ashram, Sewapuri.
9. KGV., Gandhi Ashram, Akbarpur.
10. KGV, Rajasthan Khadi Sangh, Shivdaspura.
11. KGV., Khadi Ashram, Dhanana, Haryana.
12. KGV., Tamilnadu Sarvodaya Sangh, Veerapandi.
13. KGV, Gandhi Niketan Ashram, Kallupatti.
14. KGV, Karnataka Khadi Federation, Bengeri, Hubli.
15. KGV, Utkal Khadi Mandal, Gopalwadi, Orissa.
16. Weavers' Training Centre, Laxmi Ashram, Kausani, U.P.
17. New Weavers' Training Centre, Gandhi Seva Kendram, Nantiattukunnam.
18. Katai Karyakarta Course, Gandhi Ashram, Patrang, U.P.
19. Sram Bharati, Monghyr, Bihar.

VILLAGE INDUSTRIES:

1. Village Oil Training Centre, Teli Industrial Cooperative Society, Hyderabad.
2. Regional Pottery Training Centre, Darbhanga.
3. Beekeeping Observation Centre, Muzaffarpur.
4. Village Oil Training Centre, Saharsa, Bihar.
5. Palmgur Training Centre, Dedvasan (Surat).
6. Glazed Pottery Unit, Khadi Ashram, Pinjore.
7. Village Oil Training Centre, Khadi Ashram, Ladwa.
8. Village Oil Training Centre, Shri Gandhi Seba Sadan, Jammu.
9. Central Village Pottery Institute, Khanapur.
10. Regional Bee Research Centre, Chikmagalur.
11. Handmade Paper Training Centre, Badanwal.
12. Neo & Soap Training Centre, Shimoga.
13. Village Oil Training Centre, Gadag, Dist. Dharwar.
14. Regional Pottery Training Centre, Kozikode.
15. Fibre Industry Training Centre, Angamally, Kerala.
16. Fibre Industry Training Centre, Vimalayam, Ernakulam.
17. Lime Industry Technical Extension Service Centre, Kottayam.
18. Palmgur Extension Centre, Palghat.
19. Pottery Training Centre, Trichur.
20. Cottage Match Training Centre, Mulloorakara.
21. Village Oil Training Centre, Calicut.
22. Village Oil Training Centre, Joura (M.P.)
23. Regional Pottery Training Centre, Bhadrawati, Maharashtra.
24. Central Bee Research Institute, Pune.
25. Apiculture Institute, Mahabaleshwar.
26. Lime Industry Technical Extension Service Centre, Mahol, Maharashtra.
27. Palmgur Demonstration-cum-Training Centre, Dahanu.
28. Leather Industry—Training-cum-production centre, Wardha.
29. Handmade Paper Institute, Pune.
30. PCPI—Central Training Institute, Wardha.
31. Palmgur Industry Training Centre, Bahugram, Orissa.
32. Regional Bee Research Centre, Pathankot.
33. Village Oil Training Centre, Patiala.
34. Neo & Soap Industry Training Centre, Bhilwara.
35. Village Oil Training Centre, Bhilwara.
36. Regional Pottery Training Centre, Tirur, Tamilnadu.
37. Fibre Industry Training Centre, Srivilliputtur.
38. Beekeeping Observation Centre, Surulipatti.
39. Regional Palmgur Training Centre, Cuddalore.
40. Central Palm Gur and Palm Products Institute, Madras.
41. Leather Industry Training-cum-Production Centre, Kallupatti.
42. Leather Industry Training Centre, Virudhunagar.
43. Handmade Paper Centre, Srinivasanallur.
44. Neo-Soap Training Centre, Tirupur.
45. Village Oil Training Centre, Madras.
46. Village Oil Training Centre, Gandhigram, Distt. Madurai.
47. Lime Industry Technical Extension Service Centre, Dehradun.
48. Central Gur Khandsari Training Institute, Dehradun.
49. Leather Industry Training-cum-Production Centre, Sewapuri, Varanasi.
50. Neo & Soap Training Centre, Akbarpur.
51. Cottage Match Training Centre, Sewapuri, Varanasi.
52. Lime Industry Technical Extension Service Centre, Darjeeling.
53. Carcass Recovery Training Centre, Gayespur.
54. Handmade Paper Training Centre, Hurdwan.
55. Village Oil Training Centre, Jaka, Maharashtra.

MISCELLANEOUS

1. KGV, Borivli, Bombay.
2. Central Management Training Centre, Trivandrum

Higher levels of administrative and technical staff may be given orientation in management, marketing and productivity techniques. This can be done at the training centres which have achieved recognition in their respective specialised fields of knowledge. In this connection, it may be relevant to utilise the existing training infrastructure and expertise available in National Institute of Rural Development and Small Industries Extension Training Institute at Hyderabad, and Vaikunth Mehta Institute of Cooperative Management, Pune. The training centre at Nasik should be developed as the central training institute for khadi and village industries, primarily for imparting training to officials and staff of the Commission, state boards and voluntary agencies.

The quality of training is necessarily related to the quality and calibre of the trainers. In order to induct highly qualified and trained technical staff, it is concomitant to give higher scales of pay as are available in the institutions like NIRD and VMICM. Till Tryambak Vidya Mandir, Nasik attains desired status and eminence, it may be practical to continue to depute the senior officials of the Commission, state boards and voluntary agencies for training at the National Institute of Rural Development, Hyderabad. The training expertise available with Vaikunth Mehta Institute of Cooperative Management, Pune, Indian Institutes of Management and S.I.E.T. Institute, Hyderabad may also be utilised. Similar training programmes may have to be organised at the state level also for the benefit of state level functionaries of state board and implementing agencies by utilising the existing infrastructure in the institutes of administration which are being run by the state governments.

While considering the steps for revamping the training infrastructure, the following recommendations of the National Committee on Development of Backward Areas headed by Mr B. Sivaraman may be of relevance and useful.

(a) One composite training centre should be established in each of about 400 districts in the country

(b) Such training centres should be set up in remote and inaccessible areas and hilly and tribal areas on priority basis.

(c) Financial assistance of the composite training centres should be given on cent per cent grant by the Central Government.

(d) There is the need to undertake training of trainers on priority basis before launching the training programme on a massive scale in each district.

(e) In view of the gigantic task of equipping millions of artisans spread in 5.5 lakhs of villages of the country, approach should be to select and train master artisans in industry and utilise their services for imparting training to the rural artisans in their own habitat. The master artisan(master craftsman) will have the responsibility to demonstrate the available technology with the best possible equipment at the places where there are large concentrations of artisans.

(f) Due attention should be given to identify the available technology and equipment, and conduct pilot project of master artisan training for the benefit of the artisans and establish necessary norms to be replicated elsewhere.

(g) It may be desirable to bring the whole family of artisans in the vocation as the members of the family contribute for the total production of the unit. This can be possible through peripatetic parties, and the master artisans moving from place to place.

(h) The training centres should generally be located in the production centres as it will give practical insight into the working of industrial units to the trainees. The training-cum-production centres should be adopted and utilised for imparting training to the rural artisans. The existing practice of the KVIC and state boards is to entrust the training programme to the production centres which are run economically and efficiently. This is particularly so with the village industries training programme. When lakhs of artisans are to be trained on the improved machinery, it is very essential to survey and identify the successful production units in the districts and equip them with necessary infra-structure.

Annexure B: Number of persons trained by KVIC till 1978-79 and during 1978-79.

S.No.	Industry	Number trained	
		Total till 1978-79	during 1978-79
1	2	3	4
I	Khadi	5,73,964	945
II	*Village Industries*		
1.	Processing of cereals & pulses	3,012	89
2.	Ghani oil	6,326	453
3.	Village leather	4,864	95
4.	Cottage match	1,552	50
5.	Manufacture of canegur and khandsari	5,630	140
6.	Palmgur making and other palm products	54,266	3,976
7.	Non-edible oils and soap	2,457	103
8.	Handmade paper	2,125	51
9.	Bee-keeping	4,597	132
10.	Village pottery	4,614	157
11.	Fibre	40,440	120
12.	Lime manufacturing	789	104
13.	Gobar (methane) gas	1,146	322
14.	Carpentry and blacksmithy	267	—
15.	Collection of forest plants and fruits for medical purposes	107	—
16.	Shellac	4	—
17.	Manufacturing of gums and resins	—	—
18.	Manufacturing of katha	6	—
19.	Fruit processing and fruit preservation	22	—
20.	Bamboo and cane work	—	—
21.	Manufacturing of household aluminium utensils	6	—
	Total II	1,32,930	5,792
	Total I + II	7,06,894	6,737

Image of village industry

By N. P. JAISWAL

INDIA had a balanced and integrated rural economy. Karl Marx had observed in his celebrated essay on the Indian economy that the rural economy of India was based on the union of agricultural pursuits and manufacturing processes. India was famous as a industrial workshop of the world during the 17th and 18th centuries. Not only textile and handicrafts, but also iron products were exported. "The iron industry not only supplied local wants but it also enabled India to export its finished products to foreign countries. The quality of the material turned out had world wide fame. The famous iron pillar near Delhi, which is atleast 1,500 years old, indicates a certain amount of skill in the manufacture of wrought iron which has been the marvel of all who have seen it".

The colonial policy of the foreign ruler, however, systematically destroyed the industrial base of our economy, to find markets for their expanding factory products and to obtain raw materials. Historical records show that artisans were harassed, physically tortured and paid very badly. On the other hand, tariff barriers were created against the entry of Indian goods in the British market.

Before the advent of British rule, 40 per cent of our population was engaged in rural crafts, industries and occupations, and only 60 per cent were dependent on agriculture. The percentage of the industrial population decreased to 25 per cent with the start of the present century and gradually declined to 10. During the decade 1961-71, there appeared to have been a significant decline in the number of persons engaged in household industries, while during the period 1951-71, the percentage of agricultural labour in the work force increased from 19.7 per cent to 26.3 per cent. The 27th and 32nd rounds of NSS results show a further rise in the proportion of casual agricultural labour to the extent of 3.4 per cent during the period between 1972-73 to 1977-78.

The Father of the Nation, Mahatma Gandhi, saw the peril to Indian rural life posed by the decay of village industries. He wrote in 1934 that extinction of village industries would complete the ruin of 7 lakh villages of India. He made efforts at rural reconstruction through revival of village industries and established an All India Spinners' Association in 1932 and an All India Village Industries Association in 1934. Another great genius of India, Rabindranath Tagore also drew the attention of the country towards rural reconstruction through revival of rural crafts by opening his rural crafts centre at Shantiniketan. With the dawn of independence, our elders also realised the importance of cottage and village industries in our economy and included a provision on the promotion of cottage industry in the Directives of the State Policy in the Indian Constitution. "The State shall endeavour to promote cottage industry on an individual or cooperative basis in rural areas". At the very beginning of our planning, our planners also realised its role, "village industries have a central place in the rural development programme. The development of village industries should, therefore, be as much a matter of state action as the increase of agriculture production." The Government of India stressed the role of cottage, village and small scale industry in the development of the national economy in their first Industrial Policy resolution of 1956 which has been reiterated in the Industrial Policy declaration of 1980.

Definition of village industries

It may be desirable to define village industries which have to play a prominent role in our national economy. Unfortunately, there is no clear cut definition of village industries. They have been defined differently, according to the object in view. Some times they are lumped with small scale industries, which creates much confusion. The working group on KVI which examined various definition/terms did not give any definition of village industries and concluded that the "present definition by ennumeration of village industries as laid down in the KVIC Act need not be changed, since a suitable definition by connotation is almost impossible". Village industries are called rural industries, cottage industries, agro-industries, traditional industries or decentralised industries. The characteristic of these industries can be summarised as follows :—

1) First of all, they are highly decentralised. The producers are dispersed over a wide area.

2) They are self-employment enterprises — owner, manager, labour — all combined.

3) The scale of operation is small.

4) Simple and easily adoptable technique and technology are employed.

5) Family as a whole provides labour.

6) Capital cost is low.

7) Gestation period is short.

8) Maximum utilisation of locally available raw material, though imported raw materials are also used.

9) Caters for the local market generally.

10) Low energy consumption.

11) Capital-employment ratio and capital output ratio are low.

12) Earning is residual in character, which covers return on capital and management as well as remuneration of labour.

13) Generally hereditary, except in case of modern village industries.

Advantages of small industries

The benefits and advantages of these small industries over the big industries are given below.

1) They have a high potential for generating employment. Idle manpower, which is a serious problem in rural areas, can be absorbed to an appreciable extent, thereby relieving the strain on the economy. It may even work as a useful safety valve for easing the pressure of population growth on the economy.

2) The cost of employment is very low as compared to the cost of employment in large and small scale

---

Mr Jaiswal is Director, Publicity, People Education & Films, Khadi and Village Industries Commission.

industries. While Rs 1.00 lakh to Rs 1.50 lakh is required for one person under large scale industry and about Rs 15,000 to Rs 30,000 under small scale industry, only few hundred rupees to Rs 5,000 is required under cottage and village industries.

3) Employment is also provided near to workers residence which avoids problems arising out of migration. This also leads to larger participation by women.

4) In a developing economy, investment of huge capital is required to catch up with economic growth. The village industries with a low capital intensity, provide an opportunity for utilising scarce capital in such enterprises of high capital intensity, such as, transport, power and basic industries.

5) Since they mature quickly, they play a significant role in arresting the inflation, specially when production of consumer goods is organised under them. In the development process, an increase in money income without any corresponding increase in supply of consumer goods is inevitable, as a major part of investment is made in the creation of infrastructure in the economy. This sets in motion the spiral of high prices, high wages, and high costs. The village industries help in realising this situation.

6) They ensure maximum utilisation of raw material locally available. In some case, non conventional raw materials, refuses and wastes are used thereby creating wealth from waste.

7) Being under the ownership and control of the producers themselves, dispersed throughout the country, they ensure equitable distribution of income and wealth and problems created by concentration of wealth and unequal distribution of income are avoided.

8) Being widely dispersed, they are capable of remedying any regional disparity in industrial development.

9) They generate local initiative, entrepreneurship, cooperation and the spirit of self-help. The artisan develops initiative and willingness for hard work as he is the master of his small world. He has got to utilise his skill and intelligence to the best of his ability. He seeks all opportunities and avenues. He renders many services and produces many articles, which would not be possible if he had to do wage work. In many cases, the cost-price equilibrium is not the regulator of his economic activities and his productivity margin of the flow of wealth is created by effecting is a way of life. Thus an appreciable a mobilisation of labour resources, capital and skill that may otherwise remain unutilised. In a poor country, this is not an insignificant contribution to the economy.

10) The self-employed artisan has the satisfaction of being his own master. He is not a cog in the wheel, as the factory worker. His work is a creative endeavour and not the monotonous exercise of repetitive processes in an uncongenial environment.

Competitive strength

It is generally believed that the cottage industries are inefficient compared to large scale industries. This has been proved wrong by in-depth studies undertaken by some economists. "The actual core cost of production in a large list of articles is cheaper for the cottage industries than for the large scale industries. But large industries have advantage over cottage industries, because they have access to cheap credit, a regular supply of raw materials at low prices and an assured market for their products." Being large buyers with adequate finance, they are able to corner the raw materials at low prices at the harvesting season. Being large sellers, they are able to utilise marketing and promotional techniques to capture markets. In some cases, the village industries have an advantage over large scale industries in respect of the collection and distribution cost of raw materials and finished goods. "It is estimated that the oil mills save roughly 15 to 20 per cent as compared to bullock ghanis, on account of greater extraction of oil and a smaller crushing cost. As against this, the mills are estimated to spend about 7 to 30 per cent more than the ghanis operating in the village, for collection of oil seeds from the cultivators and on the distribution cost of oil and cake from the mills to consumers in the village."

Studies undertaken on the cost structure of the different cottage industries have revealed, that their present high cost of production is not entirely due to their low productivity, technical inferiority or inefficiency, but also, in part, due to higher cost of raw-materials, higher interest rates, more expensive and more uncertain marketing and lack of adequate working capital, as compared to the corresponding facilities available to mill industries. The studies conclude that "were the above mentioned difficulties and hardships, handicaps and limitations of the cottage producers to be eliminated or appreciably mitigated, there would ensue a reduction of approximately 15 per cent in their production costs and a further reduction of about 10 to 15 per cent in their distributive cost. But it is these very hardships that are difficult to remove and it is assuredly here, that the superiority or the efficiency of mill industries is most in evidence. A number of cottage industries producing essential consumer goods can, under improved operative conditions, afford not only to co-exist, but also to compete with the corresponding mill product."

There are cases where large scale industries have lower average total cost than cottage industries. But this may be, because the total cost does not include the social cost. If the social cost is included, the cottage industries would probably be more efficient. There are many examples of large scale industries using pollution generating materials, non-renewable resources or causing large scale displacement of labour, creating serious waste disposal problems, health hazards, leading to heavy social costs over and above the social, economic and psychological maladjustment owing to urbanisation. High pressure publicity is another technique by which, even an inferior product is sold to unsuspecting consumers by the large scale industries. Baby food is an important example in this respect.

Dr V.K.R.V. Rao, A. M. Khusro and H. Laxminarayan who studied the economics of some village industries run by institutions under the intensive area schemes, along with some village industries run independently by the artisans themselves, came to the conclusion that some industries, such as "carding, brick-kiln, flour-mills, gur-khandsari and powerloom industries have reasonable growth potentialities. These industries may be called modern village industries. They display, high utilisation of installed capacity, low expense ratios, good profits, high net value added by manufacture, low wage costs and low capital-output and capital-labour ratios. Though all these industries do not bear all the characteristics mentioned above, they bear atleast three of the characteristics." On the other hand, they found some other industries not showing growth potentialists, but that can be increased by applying higher technology, as in the case of modern village industries. They considered "the establishment of modern village industries in the country-side as one of the biggest success of the intensive area scheme."

But running of other traditional industries by Kshetra Samitis was a failure owing to high costs idle capacities and inefficient working. They also noticed that the condition of industries run by artisan households was depressing. Kshetra Samitis being pre-occupied with their own industrial units had not taken any initiative in helping the household industrial units. They therefore suggested that these Samitis should render assistance to the household units, instead of running these traditional industries themselves. They should however, concentrate on modern village industries.

The general belief that village industries use outdated techniques does not hold good now. Long back it was realised that "even in the traditional village industries to the extent possible, technical improvement should be adopted and for the future there should be a regular programme of gradual transition to better techniques." The Asoka Mehta Committee suggested that in respect of such traditional industry a seven year programme for progressive improvement of techniques be worked out.

The humble charkha has passed through many stages of evolution from one spindle to 2, 4, 6, 12 & 24 spindles, from coarse to fine spinnings reviving the famous muslin yarn and from one fibre to another fibre. Introduction of pre-processing machines, efficient silk twisting machines, improved spinning wheels for wools several improvements in handlooms have changed the rural textile industry scene. Evolution of power operated ghanis, mini power dehuskers, rice polishers, hydraulic pressing machines for sugar cane crushing, improved crystalisers, power operated 'shaila' wheels award winning from the Invention Board are some of the significant technological achievements.

In view of the crucial role required to be played by the village industries in reducing poverty and eliminating unemployment and under-employment, it is necessary that constant research and development is undertaken to evolve updated appropriate technology for them, which may reduce the drudgery of work and improve the quality of products and increase the productivity and earnings of the artisans.

The artisan

According to 1971 census, there were 7 million household industrial workers (main activities). Approximately an equal number was estimated to carry on these industries as their subsidiary occupations.

An analysis made on the basis of a survey of 1,300 artisan households in different parts of the country during 1973-74 by the ASCI (Hyderabad) reveals the following aspects of the village artisans.

1. The village artisan has to support a large family (average size 5.7).

2. The village industry being his sole occupation, there is a definite need for the industry to pay for the artisan, if he is to eke out a living and support his family.

3. Most of the artisans live below the poverty line (Rs 40 per capita per month).

4. Food and clothes appear to be dominant major elements in their expenditure. Education is totally eliminated.

5. More than 80 per cent of artisans own their houses, Cycles and radios seem to be very common, inspite of poverty.

6. Around 61 per cent of the artisan households are indebted.

7. Artisans are willing to adopt improved technology.

8. A high percentage of artisans are opposed to collectivisation.

9. Organised efforts appear to find favour with the artisans, to the extent they appreciate the need for training in use of improved technology and in facing market competition.

10. Dependence on middle men appears to be a major factor in marketing.

11. Village industries by and large, are economically viable enterprises (computation of production value and sale value on a daily basis resulted in providing surplus value of Rs 2 in the case of leather, Rs 8 in the case of ghani oil, Rs 6 in blacksmithy, Rs 6 in fibre, Rs 9 in carpentry and Rs 6 in pottery).

12. These industries were found not only economically viable but also bankable. They can bind themselves to a time-bound programme of repayment and are in a position to absorb financial charges in their cost structure.

13. Non-emergence of strong organisation at the grass root level to render effective services.

Artisan dependent

This analysis gives a favourable picture of the village artisan, who is endowed with the skill required for the production of goods and services in demand, is willing to improve his skill further and adopt new technology. He is creative. He wants to maintain his independent status, though willing for collective action in facing competition and ensuring flow of work.

But the artisan being weak socially and economically is not able to compete effectively in the competitive market. He depends on outside agencies for all inputs, except skill. There is a constant threat of erosion of his earnings, due to extraneous factors. There is no strong organisation at the grass roots level to render him effective services and protect his interests.

The All-India Debt & Investment Survey (1971) indicates that a sizeable number of rural artisans are at the mercy of moneylenders, traders and middlemen. About 39 per cent of them are indebted and their debt to asset ratio is as high level as 42 per cent. Less than 5 per cent of their credit needs are met by institutional agencies (2.7 per cent by Government, 1.7 per cent by cooperatives, 0.3 per cent by commercial banks). For more than 95 per cent of their credit need they have to depend on private agencies (33 per cent from agriculturists-cum-moneylenders, 17.4 per cent from professional moneylenders, 13.1 per cent from traders, 6.01 per cent from landlords, 19.9 per cent from relatives and friends and 5.2 per cent from others). The lack of adequate finance has starved the artisan in respect of both—fixed and working capital needs. Institutional credit does not meet even a quarter of their production needs (the figure stands at 23 per cent only). In the circumstances, they are not able to expand their business to full capacity. They are also not able to reap the full benefit of their labour, as they are subjected to various forms of socio-economic control and many questionable practices by the private creditors, who charge very high rates of interest.

Artisans are being displaced not only by large scale industries, but also by the spread of small scale industries and the indiscriminate introduction of inefficient machines. A case study of Jagadishpur Mandi in Sahabad district (Bihar) made it very evident. Before 1946, there were 20 rice pounding machines drawn by bullocks. A large number of women also undertook dehusking of paddy as their sole occupation on a piece rate basis. The women from farmer families also engaged in rice pounding for home consumption. There were about 200 women who were engaged in the conversion of wheat and gram to flour and 'satoo' by Janta (chakki) on a piece rate basis. About 80 per cent of the oil making families were engaged in oil pressing.

At the time of survey during 1958-59, the 8 flour-cum-oil mills (and in some cases combined with hauler) which were established there had displaced all the oilmen and 200 women who were engaged in wheat grinding. About 13 per cent of the rice pounding was done by power driven haullers and 2 per cent by bullock driven machines. A further 85 per cent was still under hand pounding. Madhuri's father and her uncles were also professional rice pounders and processors of murmura (puffed rice). They had a flourishing business. Being displaced, her two uncles left the village for the town. One of them having contracted a serious disease died there. Another uncle is still there living in a dirty slum. Her father joined the ever increasing army of landless agricultural labourers and died. Her brother is serving the landlord who had given them a loan for her marriage.

Weavers in Warangal

A study of weavers households conducted in three villages of Warangal district of Andhra Pradesh in 1980, has brought out the following facts :— (1) The money income has remained almost constant despite soaring prices (erosion of real income), (2) high price of yarn, (3) non-availability of quality finished yarn at reasonable rates, (4) want of finance, (5) weak bargaining power in getting remunerative price for their products, (6) the weaving profession has failed to attract the youngsters of this artisan community, (7) most of the male workers between the age of 15 to 45 have migrated to cities for getting at least remunerative wages by working on either power looms or in modern textile mills (120 persons from 68 households have migrated), (8) only 9 out of 68 households are now engaged in production of cloth and others have switched over to other occupations. Eighteen households have joined agricultural labour force, 12 have become marginal small farmers, land being either distributed by the Government or purchased out of the surplus earned from migratory occupation. Nine are in business, like, selling mill made cloth, kirana running shops or seasonal business. The remaining 20 are in small industry and other services such as rice milling, tailoring, etc. The household industries sector is undergoing many structural changes. It co-exists with the factory sector, either in competition or complementary to it. While it is loosing some ground, some new avenues have also opened to it. The impact of modernisation is sure to be felt. Electricity has reached the door of artisans in many places. Old tools and techniques are giving place to new ones. Social barriers are being crossed over. All these will have a profound influence on the pattern of adjustment.

Small group benefits

The introduction of advanced methods of production would definitely increase the earnings of some artisan classes and thereby create a chain process of economic advancement, provided these improved tools of production are owned by them. But as the process is unplanned, the benefit is being reaped by a small group of rich and influential people as the Jagdishpur study reveals. Out of eight flour-cum-oil mills established there, four were owned by big cultivators and ex-Zamindars. One each was set up by a furniture dealer and a country liquor dealer. Two of them were started by two middle class cultivators. None of the artisans had benefited. Rather they were thrown out.

"The sector is undergoing transformation, but not in any definite direction, as there is no plan of desired transformation and in the process the weaker sections of the population are adversely affected. In spite of the restrictive provision in the Rice Milling Act and various measures of subsidisation, the hand pounding of paddy has lost ground very fast. A large number of unauthorised hullers mostly in flour milling have sprung up, even in remote areas. A new combination of traditional and modern processes has taken place. Paddy is still par-boiled in the traditional way in homes and then taken to the huller, which is also mainly installed in the home or near the home of the owner. Even the women folk of the working class now do not like the drudgery and muscular labour involved in the hand-pounding process of 'Ukhal — Samath' or 'Dhenki'. As the other improved hand tools have not reached to them, they welcome the advent of hullers. Transformation of technology at higher levels has also taken place in the industry. It would be desirable to give it a planned direction, so that the efficiency of the industry may be increased and the suffering of people whose occupation is affected, minimised. Would not it be worthwhile to consider whether some of them should be enabled to take up the higher technology themselves and reap the benefit of it instead of being elbowed out".

There is a package deal in the case of khadi production activities. But there is no such arrangement in respect of other village industries. In very few places, have Government developmental agencies made arrangements for supply of raw materials. There is a scarcity of raw materials in rural areas. There is keen competition for raw-materials.

Stabilisation of prices

Raw material constitutes an important element in the cost of production of most of the village industries. If the artisans. where earnings are essentially residual in character are left to the mercy of market mechanisms, they would definitely loose out. The concept of raw material bank is very helpful in this respect. A suitable mechanism for stabilisation of prices of essential raw materials is urgently required. The Government may have to formulate a raw material policy for the decentralised sector, to ensure fuller work opportunities to the artisans and help in the creation of new jobs in the rural areas.

In cases where mill products compete with village industry products, artisans are at a disadvantage, They cannot withstand competition from the organised sector, which has vast resources at its disposal. There is no effective organisation to help and protect them. At times they have to undertake distress sale or to make credit sales to some middlemen, as they lack retention capacity. A well organised marketing organisation with backward and forward linkages is necessary, if the production programme is to be stepped up. Necessary infrastructure for effective marketing has to be created at various levels to provide effective marketing services to artisans.

It is necessary for the artisans to organise themselves in a strong organisation, capable of rendering effective services to them and able to meet the challenge of the situation. This organisation at the grass-roots should relieve the artisan of the worries of timely supply of raw materials, credit, spare parts, repairs; serve as a channel of percolation for new techniques, help in marketing, provide better production, processing facilities, maintain quality of products and attend to other such work. At the apex level, it should be capable of creating suitable infrastructure, devising marketing strategy, taking up research and training, introducing new designs and patterns monitoring environmental needs and protecting the interests of the sector as a whole against the onslaught of the organised sector, by influencing the policy measures of the Government.

The efforts of the artisan or their organisations would not succeed unless government policies are formulated, after taking into account the basic needs of the rural artisans. The artisans should be protected, supported and assisted for their 'social efficiency', even if their 'economic efficiency' is not proved. The potentiality of this sector has not been exploited fully, due to lack of proper policy support. The needs of artisans are not taken into account while formulating industrial policies allotment of raw-materials, urban development, rural electrification, housing, exports etc. The lack of policy support has also been reflected in inadequate budgetary allocations for the village industries sector. The much talked of 'common production programme' which is very crucial for the survival of this sector has remained as a concept only.

Although there has been a discussion on the common production programme since the beginning of the planning process, very little has emerged. State policy has remained lukewarm. There being no clear cut reservation for KVI products, the organised sector with its vastly better resources in competing industries, continues to erode the base of the KVI sector. Even where the Government has stipulated some protection for the KVI sector, there is marked indifference in enforcing the measures. For example, indiscriminate proliferation of hullers continues, due to the apathy of the State Governments in regulating the establishment of rice mills in accordance with the provisions of the Rice Milling Industry (Regulation) Act of 1958. The artisans engaged in the KVI sector are working in a undefined context. The place of these activities in the overall economic development of the country is not seen clearly. It has not been spelt out in clear terms in the industrial policy. Therefore, the artisans and their agencies have to fend for themselves against heavy odds. The absence of policy support is reflected in practically every field, right from the procurement of raw materials, availability of institutional and budgetary finance, to R & D and marketing.

Contribution

Being obsessed with the 'gigantic size of machines' and the mystique of technology', we are apt to forget the significant contribution of the humble village industry to national life. Inspite of its decay during this century, it occupies an important place in the economy of the country. It contributes around 13 per cent of total output in the manufacturing sector and provides employment to the extent of 56 per cent of the total industrial population, against around 50 per cent output with 16 per cent employment under large and medium industries and 37 per cent output with 28 per cent employment under small scale industries including powerlooms.

The VSI sector accounted for an output of Rs 33,510 crores during 1979-80. Nearly 26 per cent (Rs 8,623 crores) was the share of traditional and other industries (excluding SSI and powerlooms) in the total output of the VSI sector. These industries provided employment to about 158 lakhs persons (67 per cent of total employment under VSI) against 33 per cent of VSI employment and an output of Rs 24,885 crores under the small scale industries, including powerlooms.

Small scale industries (including powerlooms) during 1973-74 to 1979-80 witnessed an average rate of annual growth of 28.51 per cent output. During the same period (1973-74 to 1979-80), the average rate of annual growth of output under traditional industries covered under the developmental agencies (KVIC etc) has been 17.29 per cent. For other industries not covered by developmental agencies, it was 14.67 per cent. The figure for the VSI as a whole was 24.43 per cent during the same period.

Average rate of annual growth of employment for the period 1973-74 to 1979-80 under the VSI Sector as a whole was 5.62 per cent. SSI (including powerlooms) accounted for 9.52 per cent, while traditional industry units coming under the purview of the developmental agencies accounted for 5 per cent. Under other industries, it was only 0.34 per cent.

The average rate of annual growth in respect of output and employment has been very high under the KVI units, having the benefit of KVIC assistance for the same period. For output, it was 30.88 per cent for village industry and 29.80 per cent for khadi. For employment, for the same period, the figures were 16.07 for village industries and 4.53 for khadi.

Under plan projections, there is a deceleration in the average rate of annual growth for both output and employment during 1980-85, under SSI (including powerlooms) in comparison to the average rates during 1974-80. For output, the average rate of annual growth is only 9.72 per cent for 1980-85 against 28.5 per cent during 1974-80. For employment the figure is 6.41 per cent for 1980-85 against 9.52 per cent during 1974-80.

For the traditional industrial units coming under the five developmental agencies (KVIC, Handloom Corporation, Silk Board, Coir Board and Handicraft Board), the average rate of annual growth for output is 12.29 per cent for the period 1980-85 against 17.29 per cent during 1974-80. Thus there also appears some deceleration. However, for employment it is 9.36 per cent for 1980-85 against 5 per cent during 1974-80. For other industries not covered by the developmental agencies, the figure for output is 3.94 per cent for 1980-85 against 14.69 per cent during 1974-80. There is much deceleration here too. Regarding employment, there is a slight acceleration from 0.34 per cen during 1980-85 to 2.40 per cent during 1980-85. Taking the VSI as a whole, there is a deceleration in respect of output during 1980-85, but there is acceleration under employment from 5.62 during 1974-80 to 7.65 during 1980-85.

Plan projections

According to plan projections, the value of output under khadi and village industries would, however, increase by nearly three times, output for khadi being targeted at Rs 200 crores and for village industries at Rs 1,000 crores. The average rate of annual growth of output would be 43.69 per cent for village industries and 20.8 per cent for khadi. During the period of 1974-80, the production of khadi has increased from

Rs 33 crores to Rs 98 crores at an average rate of annual growth of 29.80 per cent. For the period of 1980-85, growth is envisaged from Rs 98 crores to Rs 200 crores, providing an average rate of annual growth of 20.82 per cent only. Thus there is deceleration of the average rate of annual growth. But in respect of employment under khadi there is acceleration, average rate of annual growth being 7.40 per cent during 1980-85 against the figure of 4.53 per cent during 1978-80 (the employment figure being 8.84 lakhs in 1973-74 and 11.24 lakhs in 1979-80 and 15.40 lakhs projected for 1984-85). Under village industries during the period 1974-80, output increased from Rs 122 crores to Rs 314 crores and it is further projected to increase to Rs 1,000 crores in 1984-85, providing an accelerated average rate of annual growth of 43.69 per cent against 30.88 per cent. The actual figure for 1979-80, as calculated now, is Rs 347.98 crores. On this basis, the average rate for the 1974-80 period would increase slightly, but it would proportionately decrease for 1980-85, if the target is kept at the same figure.

The average rate of annual growth of employment would be 18.55 per cent (increase being envisaged from 18.21 lakhs in 1979-80 to 35.10 lakhs in 1984-85) against 16.07 per cent during 1974-80 (when the increase was from 9.27 lakhs to 18.21 lakhs). The actual figure for 1979-80 as calculated now is 16.13 lakhs only. On this basis there will be some decrease in the average rate of annual growth for the period 1974-80, but it would proportionately increase for 1980-85, if the target is kept the same.

The projected increase in employment to the extent of 21.05 lakhs (4.16 lakhs under khadi and 16.89 lakhs under village industries includes coverage of 10 lakh existing artisans under the fold of KVIC to improve their economic condition. Thus the net addition will be only 11.05 lakhs. At this rate, hardly 5 million additional jobs would be available under the KVIC sector by the end of this century. Taking all traditional and other industries (excluding SSI & powerlooms), the total generation of additional jobs may be around 25 million by the end of this century. This is not sufficient if we look to our huge unemployment figures.

The potentiality of this sector is also high. It can absorb a large chunk of additional labour force, provided man-power planning is done from below on the pattern of decentralised economic development. This calls for a revision of plan-priorities, reorientation of the socio-economic structure in rural areas, change in the pattern of industrial organisation, development of appropriate technology, provision of adequate finance, regular supply of raw-materials proper marketing facilities, necessary training for skilled development, creation of proper infrastructure for the sector, suitable fiscal policy and a determined efforts to redistribute income and consumption in favour of the poorer sections of society.

Policy on rural industrialisation

There is need for defining the policy on rural industrialisation in clear terms. The sectorial strategies for development of KVI, handloom, handicraft etc, would, at best, create small islands of isolated endeavour. What is needed is a comprehensive and integrated approach towards rural development. Long ago, the Dr Gyanchand Committee observed that "the first premise on which the khadi development programme has to be reorganised has, as a matter of necessity, to be that it should be an integral part of the development of the rural economy, in which productivity, the potentiality of agriculture, industry and trade is raised to a higher level." The Village Industries Evaluation Committee (1959) also reported, "It appears to us that if development of each selected area is planned in such an integrated fashion, providing for all types of activities including Khadi & Village Industries as an essential and integral part of the total effort, there will be uniformity of purpose governing and influencing the volume as well as direction of efforts in each case".

In fact, KVIC experimented with the intensive area scheme, *Gram Ekai* and integrated development programme. But the KVIC's jurisdiction being restricted to development of a limited number of industries and having no effective machinery to coordinate with several agencies dealing with different aspects of rural development, the scheme/programme did not have much impact. The planners have now veered round to the industry-cum-area development approach. "The existing programmes for the promotion of village and small industries which have been based on the industry-cum-area decrease in production and employment, but have not helped in raising proach have no doubt led to into an appreciable extent the levels of income of the artisans. The rural artisans are scattered; they find it difficult to obtain credit and raw materials; the size of the market is small and even at places where there are clusters of artisans engaged in specific industries, their operations are not viable. A strategy based on the industry-cum-area development approach, leading to vertical and horizontal integration of programmes, alone can sustain the industries in rural areas. This calls for integration of beneficiary — oriented schemes with the overall 'area' development plans to be drawn up, after taking the resource endowments into account".

A beginning in this direction has already been made by linking the rural industries programme with the massive programme of integrated rural development launched all over the country. Of the 600 poorest families to be identified and helped each year in each block, 100 families would be assisted through cottage and village industries and another 100 families through rural services activities. It is expected that during the Sixth Plan, around 25 lakhs families would be engaged in cottage and village industries and an equal number in the rural 'service' sector.

Inspite of many limitations and weaknesses, the IRD programme has potentiality to bring about an improvement in the appalling conditions of the rural poor. For its success, efforts of all governmental agencies are to be directed to this end. It is yet to be realised that 'the development of the rural areas is the concern of all sectors of the economy'. It requires a psychological revolution 'A total rural reorientation of all operational forces of the country's administrative, economic and financial organisations' is needed to create conditions conducive to the success of rural development and the village industries programmes, leading to the eradication of poverty and elimination of unemployment. Therein lies the hope of the teeming millions.'

Looking over the programme of TRYSEM

By MANUBHAI PATEL

THE Khadi and Village Industries Commission is a pioneering organisation on an all India basis, to undertake developmental activities for khadi and village industries in rural areas. By virtue of the role assigned to it, the commission has undertaken various activities pertaining to organising institutions and cooperatives of traditional artisans, undertaking production and processing activities, conducting research and imparting training. The training courses conducted departmentally, as well as through registered institutions, include courses for training artisans.

For the purpose of training the artisans, the commission has developed the required training infrastructure. In cases where the commission runs a centre departmentally, it provides for required facilities, including the salary of the staff and the raw materials from the funds made available to it by the Government of India on a grant basis. For centres run by state boards or institutions, the commission has, over the years, evolved a standard pattern of assistance which provides for payment on grant basis by the commission, of the non-recurring expenditure on training aids and equipment as well as recurring expenditure on staff salaries etc.

Freedom and flexibility

The commission, while ensuring uniformity of the training courses and the syllabi has, however, allowed the institutions a great deal of freedom and flexibility in arranging the training. The institutions have been left to decide the quantum of expenditure they should incur. The commission's assistance, within the pre-prescribed ceilings, is provided as a contribution towards the cost rather than as reimbursement of the entire expenditure. The commission, however, meets the entire expenditure on the stipends paid to the trainees and in this regard the institutions are required to strictly abide by the commission's orders from time to time. At present the rate of stipend is Rs 150 per trainee per month. Moreover, Specialised training centres for single industries have been set up in a number of cases. This was necessary because in some industries, the skills to be imparted, particularly to the trainers or to those who would like to set up production centres as entrepreneurs, are of a higher order.

The commission, therefore, in the beginning had generally adopted the following strategy:

(a) To set up departmental training centres and to assist KVI institutions to set up training centres.

(b) To advise every training centre in respect of standard syllabi and training aids for different levels of training namely (i) as trainers and (ii) as self-employed artisans.

(c) To provide to the training centres the basic infrastructure for (i) dormitory type hostel accommodation with common kitchen and dining hall, (ii) class rooms and (iii) workshops.

(d) To provide a modest allowance to enable the trainee to meet his expenses.

(e) To provide post training assistance to every person receiving training, so as to ensure that the training received is put to the intended use.

(f) To impart to the trainees some instructions on the basic values of like and other basic tenets of Gandhian philosophy.

Training for rural artisans

The commission having the facilities and experience available the Government of India has rightly assigned a role to KVIC in strengthening training infrastructure and expanding training facilities for rural artisans, spread over more than 5,000 blocks. The basic concept underlying the Trysem programme is to impart or upgrade the skills of the trainees, to enable him to set up and run an industrial unit successfully. A close scrutiny of the Trysem programme and of the training component of the IRD programme shows that either by accident or by design, this programme has adopted most of the important features of the KVIC's training programme. In implementing the IRD/TRYSEM programme, the KVIC does not, therefore, have to make any fundamental change in its training infrastructure. It has, however, to arrange for growth in quantitative terms, of considerable magnitude.

Now in order to fulfil the target the commission may have to pick-up artisans who possess some traditional skill or who have an aptitude for a particular industry or trade. It is probable that in doing so, all persons selected may not have sufficient skill to take up the trade. Some may require training. The number of persons requiring training every year would be enormous, if the target of 50 families to be covered under the KVI sector per block every year is kept. Now the Trysem scheme also provides arrangements for selecting rural youth between the age group of 18 to 35, coming from the families living below the poverty line. The social and economic background of the these candidates poses certain problems.

Industrial training centres

For training purposes the commission has adopted a strategy of establishing its own multi industrial or unitary training centres at convenient places. In addition the commission also finances institutions and co-operatives which have the capacity to run such centres. The services of all the above training centres have now been availed of to start special short term courses for beneficiaries under the Trysem and IRD programmes. The number of such training centres is 104, of which 10 are multi-industrial and 94 are unitary. The number of departmental centres is 33, while 71 centres are run by the Khadi and Village Industries institutions. These centres have been sanctioned with special funds amounting to Rs 2.24 crores, to create additional facilities of work-sheds, hostel and equipment for the intake of trainees under the Trysem. Further proposals have been invited from other large village industries societies, state khadi boards, etc for undertaking training and they have responded positively to them. During the year 1980-81, it was possible to train 7,649 perons in the country. The Planning Commission has earmarked Rs 5 crores for TRYSEM activities for the Sixth Plan.

There are certain organisational

Dr Patel is Director, Cooperation, Integrated Rural Development and TRYSEM, Khadi and Village Industries Commission.

problems for accelerated expansion of the TRYSEM programme. These are as :—

(i) Non availability of trainees in the KVI Sector from the BDOs.

(ii) Non-availability of land with implementing agencies as there is no provision for purchase of land;

(iii) It is time consuming to execute an agreement with the implementing agency as provided in the scheme.

(iv) Shortage of building materials and their rise in prices.

Administering the programme

The programme of TRYSEM as it is requires to be approached as under :

(1) The present policy of the Central Government is to provide 100 per cent financial assistance for strengthening training infrastructure to central institutions. To other institutions it is on the basis of 50 per cent grant through the State Government. The conditions attached to assistance given to central institutions is that the property created out of such assistance would be the property of the Central Government or that of the central institution. This situation makes it extremely difficult for institutions like KVIC to implement this programme since such organisations are not equipped with machinery for construction work. If the programme is to be expanded quickly, the Central Government should give assistance to such central agencies without any conditions, to enable them in turn to create infrastructure through various registered institutions, cooperatives and statutory bodies like State Boards. Moreover, central institutions should have the liberty to use this grant for the purpose of construction or work-sheds hostels, and purchase of implements as per the norms prescribed by the Government. However, the grant should not be apportioned for any other purpose so as to enable the central agencies to allocate or sanction the amounts as per the project requirements. The provision should have the scope for repairs and maintenance of the available building as well the ones constructed out of such government assistance. In case of departmental centres directly operated by central institutions, funds should be given to meet the expenditure on stipend, tuition fees, kits, etc which are normally routed through the state government. This will facilitate starting of training courses faster. Moreover, the existing pattern of assistance has not taken into account the rise in cost of building materials, equipment and tools and the increasing rate of management cost of agencies implementing the programme.

(2) Identification of beneficiaries should preferably be done from among the members of the artisans families.

(3) The directive to select the lowest first appears not to be practicable, particularly where the programme is taken on a group or cooperative basis. Relaxation in such cases would be useful.

(4) The directive is to seek approval of the State sanctioning committee/state government, in case a particular course is to be conducted for more than 6 months. There are many trades which require courses to be conducted for more than this period. Reference to such committees or government at state level would involve great delay. This should be extended to a period up to 10 months, for which approval of such authorities may not be necessary. At least central institutions like KVIC should be permitted to organise such courses up to one year without seeking clearance from state level authorities.

(5) As far as possible the content of the syllabus should be uniform. At least the minimum basic skills required to be taught should be pre-decided for each training course.

(6) At present the TRYSEM programme is not coordinated by any authority at the district or state level. This is necessary to coordinate manpower requirements and the training facilities available in a state.

(7) The TRYSEM programme is not organically made one with IRD. This leaves a lacuna leaving scope for trainees not to set up industrial units after the training is over. Unless these two programmes are integrated, it will be difficult to arrest the influx of trainees coming for the purpose of temporary relief This is necessary to avoid any abuse.

(8) At present there are many production centres of KVI operated by various agencies. Many of them are on the way to becoming training centres as well. Some of them need assistance for creating infrastructure facilities. In all such cases, it may be necessary for IRD authorities of the state to recognise agencies with appropriate training facilities as training centres and to circulate the information to all the BDOs and district authorities. This will help the centres to get trainees and training assistance from the concerned authorities as and when trainees are deputed.

(9) Finally the trainees coming from families below the poverty line are mostly illiterate. They have adoptation problems and find it difficult to grasp the course content which has to be taught through job work. The job work normally involves some calculations pertaining to measurement, weights, quantity, cost, pricing margins, etc. Another aspect of training is in artisinal, entrepreneurial and managerial skills.

The type of training now required for the TRYSEM and IRD was never visualised before. Artisan schools and colleges need to be set up, exclusively to promote and encourage the future generation of artisans and other prospective candidates, desiring to undertake such traditional trades. The short term way to meet these requirements would be to start a course for entrepreneurial skills or to provide specific work opportunities by way of placement for trainees. Unless this issue is tackled at appropriate levels, the programme may not be able to attract a large number of persons seeking self-employment.

Development and expansion of programme

To develop and expand training facilities is a stupendous job requiring higher investment in men and materials. A specific strategy may have to be adopted if these areas of training are to be expanded and developed. The following suggestions are made :

(a) If the training to be imparted has to have any significance, it must be done by qualified persons who themselves have a mastery of the appropriate technology. There are not many qualified people available, and if the scheme is to have any chance of success this constraint must be over-come. One possible strategy would be to make use of the existing facilities only for the purpose of training the trainers in the initial period of the Plan, so that by the time the other infrastructure such as buildings etc come up, the trained personnel would also be available. This would mean that in the initial years even the small number of artisans that are now being trained would have to be denied training. This is a hard decision to make keeping in view the large num-

Continued on page 38

Better technology for village leather industry

By B. MAJUMDAR

TECHNOLOGY is a means to perform an activity. The means naturally are several to meet varied requirements of the community. Types of technology and their levels are numerous. The technologies relating to hard core sciences, to produce capital goods, heavy and fine chemicals, and those relating to soft-core sciences to produce common goods and goods that also involve artistic and traditional kills, such as leather articles, and textile articles. Again different scales of technology are applied to different scales of production—large, small and cottage scales of production. Application of technology in quite a number of cases introduces the large scale use of processes and techniques. This has contributed to further unemployment not only in developing nations but also in highly advanced and developed countries.

This pattern of growth has not ensured the flow of commensurate benefits to the population. The poor still lack the means to meet their basic needs, even if the necessary goods and services could be produced in adequate quantities. Introduction of better technologies for development thus, assumes a very important role in meeting the basic needs of the poor and providing employment opportunities to those who can work. The choice of technology for the leather industry is important because it is a traditional industry in India. A large segment of the population is traditionally engaged in this industry and generally belongs to the, economically and socially backward classes.

Three important facets

The leather industry in India has three important facets. These are:—

1. Flaying, curing and preservation of hides and skins.
2. Tanning, and
3. Footwear & leather goods making.

While flaying of animals and curing and preservation of hides and skins is essentially a decentralised activity, tanning, which is the conversion of hides and skins into leather and manufacturing of various leather products from such leathers exist at all levels of production *viz*: large, small, cottage sectors of production.

The approximate distribution of employment in various sectors of the leather industry is as follows:—

	Flaying	Tanning & finishing	Footwear	Other leather products	Total
		(in lakh numbers)			
Cottage sector	5.00	2.28	3.40	0.09	10.77
Small scale sector (organised)	—	0.33	0.64	0.20	1.17
Large scale sector	—	0.05	0.06	—	0.11
Total	5.00	2.66	4.10	0.29	12.05

Flaying: Raw hides and skins constitute the basic raw material for the leather industry. The main sources of hides and skins are again, domesticated animals like cattle, buffalo, goat and sheep. Due to accepted social and religious customs, beef eating is not prevalent in the country and thus, the main source of availability of raw hides from cattle and bovine stock is essentially dead animals. It is estimated that 90 per cent of raw-hides are derived from fallen stock, while only about 10 per cent come from slaughtered animals. In the case of goat and sheep skins however, the largest portion comes from slaughtered animals. Thus, for raw hides, we have to depend on naturally dead animals whereas for goat and sheep skins on slaughtered animals.

About 80 per cent of India's population is spread over five lakh villages. Similarly, our cattle population also is spread over five lakh villages. These vil-

Making footwear

Mr Majumdar is Director (Leather), Khadi and Village Industries Commission.

lages are pretty small consisting of either a few hamlets or a group of houses. Thus, about 8 per cent of the total bovine population (180 million cattle and 60 million buffalo) or about 20 million animals die every year. They die in various places. Hence, flaying of such dead animals, curing and primary preservation have necessarily to be a decentralised activity. The village flayers are very deft in flaying and recovering the hide properly.

Gandhiji described the flaying skill of village flayers in one of his articles thus: "The next process is flaying the animal. This requires great skill. I am told that none, not even surgeons do this work better or more expeditiously than the village tanner ('flayer') does with his village knife. I have enquired of these who should know. They have not been able to show improvement upon the village tanner (flayer')."

"Despite this skill in flaying, there is scope for improvement. In villages, animals generally die in ditches or near the jungle or even at a farmers place, but the flayer does not come to know of the death immediately and when he comes to know of it, some time has already elapsed. This delay causes damage to the hide as putrefaetion sets in. The animals are dragged over rough surface and that also spoils the hides. The flayer after flaying the hide does not wash the hide properly and thus dirt, dung, blood etc stick to the hide which again become a source of bacterial growth and consequent damage to the hide. The hide is not properly cured, again causing damage. Simple techniques of avoiding most of these damages are available Application of technology is called for in this field. Thus, if the *panchayats* keep hand-carts and make them available to the flayers to carry the animal to a nearby place, the damage due to dragging would be avoided. The hereditary flayers could be given training in proper use of tools for flaying, to avoid cuts and damages. Simple and inexpensive method of curing such as applying common salt or drying in the shed could be adopted by the village flayers, which would enhance the value of hide considerably. These techniques would not displace employment, but would generate greater earning. The leather industry would get better hides.

Recovery of by-products

Taking the dead animal to a place specially earmarked for the purpose would enable recovery of other animal by-products. In small places where receipt of dead animal is very irregular and small, the remnants of the carcasses could be composted after flaying. This would generate valuable organic manure. This would also help to keep the surroundings clean and hygienic.

Shantiniketan art leather work

Wherever, larger number of dead animals are required to be handled, like in towns, cities, *gosadans*, pinjrapoles, dairy projects etc a fullfledged carcass recovery centre could be established. Depending on the number of animals to be handled, transport arrangements, like hand carts or fast moving vehicles like jeeps with trailors, could be provided for quickly transporting the dead animals, so as to avoid damages due to delay in flaying, dragging etc. At such centres, fully trained flayers could be engaged, who would not only flay the hides properly but also preserve them. The remnants of the carcasses could be properly utilised to generate a number of valuable by-products. These are tallow, meat meal, bone meal, compost manure and bio-gas. These can all be achieved by simple technology and would generate employment in the countryside.

Goat and sheep skin are derived from slaughtered animals. These are obtained in a number of slaughter houses. In some, an animal is killed a day in small villages and that too mainly on market days. In modern abattoirs several thousands are killed a day. But the collection of skins from these sources is decentralised activity. The introduction of technology in this area would improve the quality of skins, with proper curing and preservation. In slaughter houses, attention is paid to the meat. Little attention is paid to the proper recovery of hides and a large number of cuts and gouge marks are found an hides available from slaughter houses. Improved and properly shaped tools can profitably be adopted at these slaughter houses for flaying of hides.

A number of by-products are available from slaughter houses. They could also be exploited for conversion into various useful products.

Tanning

Conversion of raw hides and skins into leather is known as tanning. The entire tanning process by which an unusable and easily spoilt hide is converted into useful leather, is divided into various processes and operations. The tanning industry in India exists in all sectors. Whereas the large and small scale organised sector mainly account for chrome leather, the cottage sector accounts for vegetable tanned leather. There are certain processes and operations in chrome tanning which are common to vegetable tanning. Choice of technology in the field of leather making also plays a very important role in keeping the traditional artisans engaged in leather manufacturing while improving the quality of finished leather. The relevant recommendation made by a high level committee which was set up in 1972 by the Government of India under the chairmanship of Dr A. Seetharamiah is worth quoting which *inter-alia* states:—

> "In order to ensure that small tanners are not displaced while setting up finishing centres, production of finished leather would start from the stage of EI and wet blue."

The common processes and operations involved in converting the hide to EI (vegetable tanning) and wet blue stage are: (i) soaking, (ii) liming, (iii) unhairing, (iv) fleshing, (v) scudding and (vi) deliming.

The following are further processes for EI (vegetable) tanning :— (i) malni or pre-colouring, (ii) beaming, (iii) vegetable tanning by following pit tanning, or bag tanning, (iv) scouring, (v) treating in myrabolan liquor, (vi) setting, (vii) drying and in wet blue :— (i) pickling, (ii) chrome tanning, (iii) naturalisation, (iv) samming and (v) shaving.

Use of machines

In all the above processes and operations, the use of machines is absolutely necessary in chrome tanning, where a power resorted drum is used and in shaving where a shaving machine, again power operated, is used. All hides are available in the country side. Large scale tanneries set up in far away places require hides which have to move a long distances to reach the tannery. Since hides easily putrefy, there is added danger of their damage in transit. If large scale tanneries manufacturing finished leather start their processes from the raw hide stage, they require high capacity and costly equipment like scudding machines, unhairing machines, fleshing machines, large tanning drums, shaving machines etc. This could be avoided, if pre-finishing operations up to the vegetable tanning or wet blue stages are done in smaller tanneries, equipped with manually operated equipment or small machines with smaller capacities which require less maintenance.

Effluents from larger tanneries cause pollution hazards in the locality. Treatment of effluents in larger tanneries is causing alarm and such tanneries are being called upon to provide effluent treatment arrangements. All these hazards could be avoided, if hides could be converted at the pre-finishing stages, in the small tanneries in the countryside. This would keep the small tanners in their profession, create additional employment opportunities, avoid long distance transportation of raw hides and skins and prevent the creation of pollution hazards. If this is done, the Seetharamiah Committee recommendations would be implemented in letter and spirit.

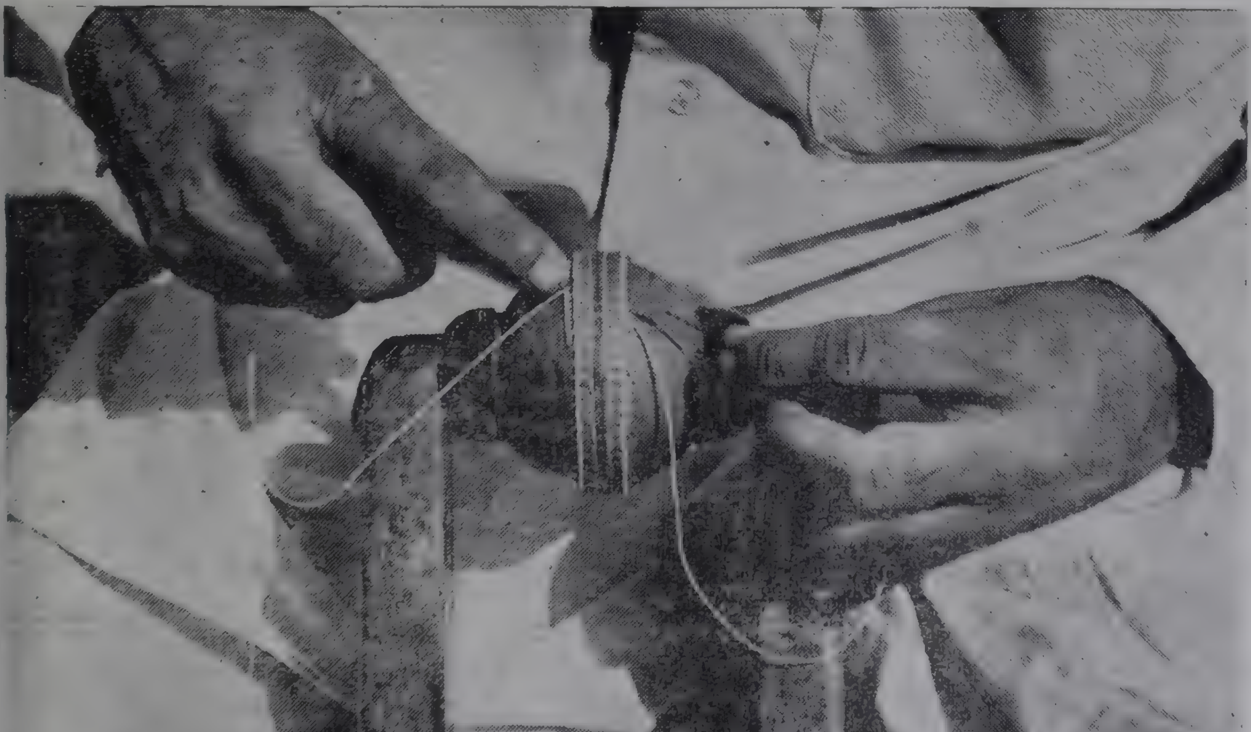
Footwear

The leather footwear industry is exclusively reserved for development in the small scale sector. A document prepared by the Ministry of Industry (Department of Industrial Development) has assessed additional production of leather footwear during 1982-83 at 200 million pairs, chappals at 60 million pairs and shoe uppers at 10 million pairs. The basic approach to the development of the industry must take into account the fact that the bulk production of leather footwear has to be in the decentralised sector. It is here, by continuing decentralised production, we can generate additional employment commensurate with additional production. While keeping production in the decentralised sector however, one should not compromise on quality. Infrastructural facilities should be extended by supplying standard cut components to the artisans, providing them with standard material for close shoes etc. They should also be assisted with contemporary designs, so that their products have demand in internal and foreign markets. So far the bulk of leather exports have been by the cottage and small scale sector. Thus, their products have been able to compete in markets abroad in terms of design, quality and value. But for exports alone, one should not encourage the setting up highly mechanised capital intensive footwear units. The setting up of large capacity footwear units would be self-defeating. Since the supply of leather is inelastic, if larger quantities are used by highly sophisticated mechanised units, the traditional artisans would be left with no quality raw materials to carry on their vocation.

Leather and leather garments

There is considerable scope for increasing the production of leather garments and leather based sports goods. Skilled artisans are available in the country, who could produce quality goods. New entrepreneurs could also be trained as the operations are generally very simple. The industry is labour intensive and investment on capital and machinery is marginal. This is an area, where growth could be exclusively reserved for the small scale sector and units could be assisted with new designs, product makes, cut components and quality raw material.

From the above, it is evident that the leather industry is labour intensive. But there are certain operations, particularly in finishing, where high capacity machines are essential. But the capacities are so high that one has to use sizeable quantities of raw materials. The technology for using high cost precision equipment of quality and precision, but with smaller capacities must be discovered. This would enable leather processing and finishing in smaller tanneries rather than in large and heavy capital intensive units.



Making cricket balls

Problems in marketing of khadi and village industries products

By T. K. NAG

MEN, material and money are the three main constituents of any production activity. Machine can replace man, if not wholly, partially. Money plays an important role in deciding the extent to which machine will replace man. Whether one likes it or not, India is blessed with abundant human resources. This abundance in human resources is balanced by limited financial resources. This has restricted the country's option for unlimited dependence on the machine. Hence, the need for greater emphasis on utilising manpower in sectors where it is possible. In fact, the very limited financial resources available are inadequate even for utilising a large part of available manpower for productive purposes. This has resulted in large scale unemployment/under-employment and the problem is getting bigger rather shrinking.

An ancient country like ours is blessed with a huge population of heriditary artisans and craftsmen — Indian weavers, wood cutters, marble cutters, gold smiths and many other types of artisans and craftsmen are renowned for their quality of work the world over. They use considerably simple and low cost tools and equipment. The present economic conditions of the country, particularly the high inflationery trend, and scarcity of funds demand low gestation period projects with the promise of a quick return in terms of production. In such conditions fuller utilisation of human skill capable of producing goods is perhaps the only answer, except for such items as capital goods and sophisticated items which need modern machines and equipment.

Urban areas control markets

It would have been nice if the situation that prevailed two or three centuries ago was in existence now, when a village was more or less self-sufficient in its day-to-day requirements and consumers were generally satisfied with the produce of local artisans and craftsmen. With the advancement of science and technology, trade and commerce have also become complicated. Whether we like it or not, now the produce of a village is normally made available to the local population through urban markets changing hands several times. Despite the fact that about 80 per cent of the population lives in villages, urban areas control markets and availability, as the majority of people with purchasing power live in cities.

Because of better facilities available in cities and towns and the near absence of minimum facilities in villages, people who have resources generally migrate to cities and towns they generally belong to the educated, intellectual and qualified class. This traffic creates a sort of vacuum in villages, which are packed with people nnowing a few particular crafts but devoid of entrepreneurial skills and other related skills necessary for running a trade. For example, a skilled carpenter or a cobbler should not only know his job today, but is also required to know how, when and from where to purchase raw materials, costing and other simple business tricks for which he is not equipped. Besides, his financial condition does not permit him to buy in bulk or hold stocks till a fair price is offered. His problem is intensified as he does not always find consumers in his village because of the low purchasing power of villagers. He is, therefore, to find market outside his village and his experience, resource and education does not permit him to do so. He is thus compelled to depend on middle men or local traders not only for his requirements of funds (that too at an exorbitantly high rate) but also for disposal of his products.

Cities and towns are trend setters even for items of daily necessity and the village consumers are generally influenced by them. With rapid and continuous changes of taste in towns and cities, where consumers influenced by changes in other countries, the artisans and craftsmen of our country face the herculean task of meeting this changing taste of consumers. The only way he has of finding out these changes is through the appearance of the new products in his village, and by that time normally, they become obsolete. Thus they go on producing items which become out of date and thus lose consumer preference. This phenomenon gives the local middle man and traders an additional handle to exploit the artisans. When the artisan fails to get back his cost and loses interest in manufacturing quality products, the traders exploit him further for producing substandard products. Thus a vicious circle begins.

Consumer items of daily necessity which are normally produced by village artisans are also generally produced by other sectors in large quantities. In fact the entire village industries (VI) sector's share in the country's total production of such commodities is around 15 per cent or less, which shows village industries sector producers cannot influence the market. A large share in production coupled with the organised nature of their functioning enables village industries sector competitors to influence the market against the interests of village industries sector producers.

Raw material shortage

In a chronic situation of scarcity of basic inputs like coal, iron steel, important chemicals and other raw materials, the artisans find it difficult to procure the inputs. The formalities involved in obtaining the inputs put them beyond their reach. They are thus left to the mercy of local traders for their requirement of basic inputs, which are not only very costly but often of substandard quality. They are thus beaten on several counts. The attempts made to help artisans by organising cooperative societies have generally failed. On the contrary these cooperatives have aggravated their difference thus because generally, they are controlled directly or indirectly, by vested interests.

In the foregoing paras some of

Mr Nag is Director, (village Oil Industry), Khadi and Village Industries Commission.

Views expressed in this article do not necessarily reflect the views of the organisation to which the author belongs.

he inherent limitations and disadvantages which rural artisans suffer from have been exposed and explained. This article will remain incomplete without discussing the increasing sophistication of consumers in general and the marketing process in particular. No production activity can be continued unless products are sold profitably. They can only be sold profitably if they suit the needs and likings of consumers i.e. if products are made consumer oriented. With the quick change in consumer taste and likings, a village artisan finds no way of keeping abreast with the changing needs of users. Village artisans are disorganised, dispersed and have no knowledge of customer characteristics, (customer psychology, factors guiding buying motives) importance of brand image and corporate image. No institution exists to assist them. The educational background of artisans makes any attempt to reduce this gap even by organising short term courses for them, difficult.

Only a limited number of agencies in our country are engaged in evolving new designs to keep pace with changing consumer tastes, to service the needs of artisans. Whatever little is being done, in a selected area is grossly inadequate. Thus the communication gap between producers and consumers persists to the disadvantage of the village artisan. They continue their vocation in the same old fashion ignoring what is happening elsewhere.

Artisans producing khadi, in the khadi and village industries sector, though they contribute insignificantly to the country's annual production of textiles, are better served mainly on account of services rendered by the Khadi & Village Industries Commission (KVIC). These artisans are not burdened with any managerial work, for which they are unequipped but are left to do craft work. The rest of the work like processing, packaging, cost marketing etc are looked after by agencies having some expertise in the field, set up with the assistance of KVIC.

Captive retail outlets

A spinner or a weaver is only responsible for his work. Marketing is done through captive retail outlets (which have been also set up with the assistance of KVIC) set up for this purpose, numbering over 3,000 all over the country. Though this requirement has limited the market penetration of the products, and created a communication gap between consumers and producers, it has also proved beneficial for producers, enabling them to bring their products to the consumer. This facility is not insignificant for the producers particularly if they are weak. It should be remembered that the process of putting products on counters is painful, specially for artisans with various limitations. Artisans producing village industries products (other than khadi) are not compelled to market village industries products only through captive retail outlets, even if they come under the fold of KVIC.

Perhaps most of the village industries products cannot suitably be marketed through the captive retail outlets designed for textile sales. Thus village industries artisan has to perform all the functions required of an entrepreneur in a small scale enterprise, a job for which he is hardly equipped. For example, cobblers producing chappals have the responsibility of marketing them. A sufficient number of retail outlets where their products will be accepted without exploitation are not readily available and they have no regular guidelines on selling their products. They are mostly unaware of where and to whom their products will be sold. The local middle man is their marketing manager and distributor. He is interested in earning a profit for himself, not in safeguarding the interests of the artisans. Thus, despite their skills they make little progress. Their lot would have been different if they had the job of making chappals or shoes, as per the designs indented for a sales unit managed by professionally trained personnel. Similarly, artisans producing other products, such as pottery, handmade paper, fibre goods, agricultural equipment, edible oil according to specification would be favourably placed.

Many associated with KVI activities consider selling and marketing as synonymous. In fact, they are not. Selling is generally concerned with ideas and plans for trying to make consumers exchange their (money) for products (goods or services). Selling concentrates on sales volumes whereas marketing is concerned with the needs of consumers. Selling is concerned with the seller's need to convert his produce into cash, while marketing is concerned with satisfying a consumer's need, through the product and providing the consumer with value satisfaction. A marketing oriented organisation tries to create value satisfying products and services which the consumer will want to purchase. Thus the profitability of the organisation's activities is ensured.

Most agencies engaged in extending marketing services to khadi artisans, do not extend them full services.

Khadi dependent on rebates

Inspite of controlling over 3,000 captive outlets and enjoying various forms of support (including fiscal) from the Khadi and Village Industries Commission, the Central and state governments, and general public sympathy during the last 30 years, khadi still depends on rebates and other forms of support for survival. This is because the majority of service agencies have not adopted proper marketing techniques. It is unfortunate that despite receiving state support over three decades, since independence, khadi production has not been made more consumer oriented. The adoption of marketing methods like customer profile, market segment, market research, motivation research, product and pricing strategies, sales forcasting and planning, pricing policies, advertisement and sales promotion. world bring about a see change in the marketing of khadi.

Extending marketing coverage by using professional skills for the speedy expansion of the village industries sector is vital. During the period 1977-1981, when effective marketing support was extended to the cottage match units, growth was phenomenal as can be seen from the following table.

Value : Rs. in crores

Year	No of full time artisans engaged	Production	Sales
1977-78	23,860	8.89	9.35
1978-79	33,600	16.24	18.62
1979-80	54,340	29.91	32.30
1980-81	52,380	31.04	32.15

Some agencies are engaged in the implementation of a KVI programme to produce a particular non-essential edible item, which till some years back, was generally made by housewives at homes. Among these agencies, the one which adopted marketing techniques, specially during the last 3/4 years, has achieved considerable success in accelerating demand and creating a favourable corporate image. The following tables will prove that the gradual adoption of marketing techniques, though not fully, since 1977, have paved the way to success.

(Value : Rs. in crores)

S. Y. Year	PRODUCTION	SALES
1975-76	1.80	2.06
1976-77	2.00	2.20
1977-78	2.75	3.09
1978-79	2.90	3.55
1979-80	3.45	4.57
1980-81	4.25	5.47

Unfortunately, the agencies instead of adopting the full range of marketing techniques, only adopted them partially. Because of this they are unable to meet growing demand up to 30 per cent. To meet growing demand the agencies have preferred to set up new production units at distant places, investing considerable funds. They could have achieveed the same objectives by taking steps to increase production in existing centres, which would require less investment. This would have given quick returns. Thus the agencies have unnecessarily blocked their limited resources and taken avoidable risks. Because of a change in strategy for procurement of basic raw materials large amounts were invested in raw material inventory. This created considerable strain on the liquidity of agencies forcing them to keep their creditors waiting for payments.

The strategy of the KVIC to set up a large number of retail outlets for marketing footwear made by artisans since 1976, has resulted in better results for the KVIC leather industry as the following table shows. Marketing assistance was extended to artisans on popularising brands, corporate image, evaluating customer opinion and producing new designs.

(Value : Rs. in crores)

Year	No of retail outlets	Sale of footwear	Production of footwear and leather goods units
1976-77	177	1.33	2.08
1977-78	190	1.58	2.68
1978-79	215	1.79	3.44
1979-80	257	2.30	4.14
1980-81	326	3.78	5.34

Another example is the ghani sector of the oil industry, where production of kardi oil has increased significantly during the last three years from 1.44 lakh quintals in 1977-78 to 2.10 lakh quintals in 1980-81. In northern Karnataka and the Marathwada region of Maharashtra marketing assistance was provided by a private party, by regularly lifting the bulk of produce, as local production exceeded local requirements. The private party introduced refined oil, with a specific brand name, supported by adequate advertisement and promotional activities, showing the beneficial effects of using kardi with a high percentage of unsaturated fatty acids. While refining kardi oil, makes it odourless and colourless, it eliminates the vitamin 'A' content of the oil. Unrefined kardi oil produced by the ghani sector could have found better acceptance among health concious consumers, if it was properly promoted. The agencies marketing ghani oil should have sent the surplus oil to metropolitan cities. That would have brought increased returns to the producers. Unfortunately, the private party, responsible for lifting the bulk of surplus oil and arranging for its marketing, faced labour problems recently and curtailed production, thus seriously affecting the ghani sector. This resulted in a price slump (around 25 per cent) even before the commencement of the current kardi harvesting season. Interestingly, in the beginning of the current groundnut harvesting season, kardi oil remained unaffected till the lifting of kardi oil in bulk by the party was discontinued. This shows the necessity of organised marketing for this product.

Past experience, present requirements and the information avaliable show the need to strenghthen KVI technical assistance by including quality control services, making production activity customer oriented and extending effective marketing coverage. Marketing infrastructure and services will have to be organised and extended by state agencies and should not be left to private parties, because most products made by the KVI sector are consumer products. Private parties could be allowed in retail and distribution.

To provide meaningful marketing coverage, it is essential to maintain uniformity of products (in design, colour, scheme, measurements, packaging etc) besides maintaining quality. The dispersed nature of production by village artisans makes this difficult. The existing facilities for ensuring quality control and maintaining uniformity in production, are grossly inadequate and need to be improved. Artisans should be provided with detailed specifications for each product, design specification, colour scheme, packaging specifications followed by effecting checking procedures when goods are under production.

The limitations village industry artisans suffer from such as, lack of entrepreneurial skill, education, experience dispersed locations, make it difficult for them to adopt modern methods of management. Hence, they enjoy certain preferences, in getting raw material supplies, financial assistance at low rates of interest free training and are favoured by fiscal policies. True, many of such facilities do not reach them. To overcome this artisans should be brought under umbrella organisation.

Taking these limitations into account, one has to plan for the speedy development of the KVI sector. Existing organisations in the field have to be strengthened to provide effective organisational support to artisans. The organisations assigned the job should in turn acquire up-to-date market intelligence and make KVI products market oriented. Except in textiles, however, the KVI sector does not cover all artisans groups in the country. Hence, any plan, to solve the marketing problems of KVI products should include the uncovered village industry artisans otherwise, if will not yield results. Artisans should not be burdened with the work of marketing their products.

There is urgent need for organisations to provide marketing services to the village industries sector. Organisations in the private sector may not be of much help. Hence, organisations already working in the area should be oriented to giving effective marketing coverage. Alternatively, because of the magnitude of the problem, marketing may be undertaken by different organisations, either new or existing ones.

Potentiality of polyvastra

By M. A. KANKANWADI

POLYVASTRA means any cloth woven on handloom in India, from yarn hand-spun in India, from a mixture of handmade fibre with either cotton, silk and wool or with any two or all of them or from a mixture of man-made fibre yarn hand-spun in India with either cotton, silk or woollen yarn hand-spun in India or with any two or all of spun yarns'.

Against the above background, the Khadi and Village Industries Commission (*KVIC*) in close association with Chemicals and Fabrics of India Limited (*CAFI*) undertook an intensive research and development programme to promote the usage of polyester staple fibre in the decentralised sector of the textile industry. Within a short time they were successful in establishing the All Metal New Model (6 spindle) Charkha route for spinning polyester-cotton blended yarn, for weaving on conventional handlooms.

Distinct advantages

Experimental results revealed certain distinct advantages. Blended yarn is superior in quality and readily acceptable to weavers. The productivity and consequently the earnings on the modified All Metal New Model 6 Spindle Charkha is around 30 per cent more, for the same input of labour, primarily due to the increased tensile strength of the blended fibre. The blended fibre, apart from providing 2.5 to 3 times more durability over 100 per cent cotton, has adequate easy care properties associated with polyester.

The main features of the *polyvastra* scheme evolved by the commission are as follows :—

The unit comprises 4 roving belnis and 25 All-Metal 6 spindle (Rajkot Model) Charkhas, each having a production capacity of 25 hanks per day of 8 hours of work, managed by a supervisor. Thus it provides employment to 30 persons.

The yarn produced by the unit will be sufficient to provide employment to 16 persons comprising 10 weavers and 6 helpers.

Mixing of cotton and polyester fibre is in the proportion of 52 and 48 per cent respectively. The count range for shirtings is between 60 to 100 metric counts and for suitings between 30 to 60 metric counts.

The activities are carried out under workshed conditions.

The scheme is to be generally implemented by registered institutions and co-operative societies recognised by the commission. As per present recokning, capital investment is of the order of Rs 65,000 and the working capital requirement is of the order of Rs 2.5 lakhs. At present the entire capital expenditure and and 50 per cent of the working capital is provided by the commission, the balance working capital required is to be obtained through institutional financing agencies. The units, however, will have the benefit of getting bank loans at concessional rates of interest at 4 per cent as the commission provides interest subsidy to cover the difference between the normal bank rate and 4 per cent to be borne by the institutions.

There is no sales rebate on *polyvastra*.

Marketing of *polyvastra* is done through the existing market outlets recognised by the commission, namely the khadi gramodyog bhavans, bhandars, gramodyog sales depots etc. These sales are, however, to be effected through separate counters, away from the khadi sales counters.

Initiation of programme

With the inclusion of the *polyvastra* scheme under the purview of the commission at the beginning of 1979, a modest programme of introducing about 200 units during 1979-80 and 1980-81 was initiated. Out of these, assistance has already been extended to 102 units in 12 different states. Gujarat and Tamil Nadu have taken the lead in this respect. With the starting of another 100 units in the current year, the total number of units by end of March, 1982 would be nearly 300.

The Working Group on Khadi and Village Industries (1980) appointed by the Planning Commission has, however, suggested a very ambitious target of introducing over 2,000 units during the Sixth Plan period, which would provide employment opportunities to about 95,000 persons.

Even while implementing the modest size of the programme during the last 2 years, certain major constraints have come to the fore. The first one relates to the ensured, continuous supply of polyester blended rovings in adequate quantities, at reasonable prices and in time. The implementing agencies have to heavily depend on the organised mill sector which have their own priorities. Moreover, although blend of 67/33 polyester/cotton will impart the best properties of polyester and cotton, a blend of 48/52 of polyester/cotton is recommended for the khadi sector, mainly for economy and to retain the khadi look in fabrics, for which the mills have to make special arrangements.

Regular supplies

To ease this problem and to ensure regular supply of polyester blended rovings to standard specifications, at more or less uniform rates, to be supplied to different implementing agencies, the commission has entered into negotiations with the National Textile Corporation (NTC). The instrumentation programme of manufacturing and supply of modified charkhas has also be considerably stepped up.

The present product is mainly a plain cloth. Considerable R & D efforts will have to be made to design suitable equipment as well as processes of manufacture for dyed and multi-coloured yarn. This will enable the production of varieties of cloth, suited to different consumer demands. This will considerably enhance the marketability of the *polyastra*, produced in the decentralised sector.

The main hurdle to the progress of this scheme is the heavy excise duty on polyester fibre at the fibre and yarn stages. The recent article on *polyvastra* published by D. G. Gupte in the *Times of India* dated 17th February 1982, in this connection, points out 'after adding excise duties payable at different stages, the cost of the finished product is not competitive with polyester blended cloth produced by the mill sector. This is because *polyvastra* has to pay certain excise duties which are either not payable or can be avoided under the Central Excise Act by the mill or handloom sector'. The KVIC has urged the Government to exempt *polyvastra* from the operation of tariff items (T.I.) 10 and 68 to remove the disadvantages being faced by it against the mill sector.

If this excise exemption is extended to the units manufacturing *polyvastra* the price of *polyvastra* cloth may become cheaper by about 25 to 30 per cent, which would certainly enhance its marketability and bring it within the purchasing power of a much wider strata of society in both urban and rural areas.

Mr Kankanwadi is Director, Coordination, Khadi & Village Industries Commission, Bombay.

Real bottleneck to the development of village industries

By SUBHASH CHANDRA SARKER

LIKE most of the development projects of the country the programme for khadi and village industries is also a government-led programme—with this difference that while in the field of organised industries the initial reservation of non-official vocal public opinion was soon overcome, that very desirable turn eluded the programme for village industries (a term which, in this article, should be construed to include khadi as well). When, in the late fifties, the expansion of the public sector was under consideration, it was received with widespread ridicule by the public media and industrial magnates, one of whom went to the extent of raising the question if the people were going to eat steel! The fact that despite the increase in steel-making capacity the country has still to import steel brings out the utterly misguided nature of the opposition to the initiative taken by the Government. That even an experienced industrialist could make such a silly remark provided a measure of the lack of understanding in the public mind of the implications of diversification of the economy. All the bravado was exhibited in criticising the Government and the public sector without the slightest endeavour to understand if the country had really any other alternative before it, if it wanted to achieve self-reliance!

What a campaign of criticism had been launched against the decision to produce bulk drugs through the newly—created public sector company, Indian Drugs & Pharmaceuticals Ltd (IDPL)! It was in the country's own interest to reduce dependence on the external supply of bulk drugs which was both costly and foreign exchange consuming! Overlooking the fact that every new industry has to pass through a period of teething troubles, the initial working of *IDPL* was seized upon to run down the entire concept of having a public sector organisation in the field of drug industry.

However, today, in 1982, the stridency of the denunciation of the many new industries, action on whose setting up was being denounced two decades ago, is much reduced and subdued. There is no longer the tendency to indulge in wholesale denunciation. Simultaneously there is a much more pronounced willingness to understand the working of these industries. Nobody today comes forward to denounce the establishment of the Salem and Visakhapatnam steel plants (in the manner in which the setting up of the Bokaro steel plant was being denounced in the early sixties) or the public sector copper plant or zinc plant, although there is certainly quite a lively interest in watching how individual units are run and there may be criticism of the manner of the running of individual units. Such an attitude is rational as such objective criticism is necessary and welcome.

Unfortunately the passage of years has not made much of a difference to the public attitude to the programme of village industries or to the Khadi and Village Industries Commission. There is hardly any serious and sustained public discussion on the need for village industries and on the measures that are needed to be adopted to promote these industries. The few articles that appear at in newspapers at long intervals are mostly written by the committed individuals and rarely provide any new suggestions, besides repeating the familiar arguments. How many analytical articles does the press carry on the development of village industries? What generally passes for articles are the paraphrases of comments of this or that parliamentary committee on the working of the Khadi and Village Industries Commission, which is a statutory organisation, and reports on whose working have to be presented to Parliament. The reports of various committees of Parliament are very valuable documents and need to be studied with the utmost seriousness and attention. But the fact is that, except for the Estimates Committee, most of the committees are primarily concerned with the examination of how the various organisations in the Government and the public sector function. The terms of reference of the various parliamentary committees do not permit them to examine the general situation.

The Khadi and Village Industries Commission is an important institution and how it works is of great public interest. However, it is not the only agency working for the promotion of village industries, there are several other governmental and other agencies whose functioning impinges upon the development of village industries. Further, it is essential to bear in mind that the Commission has to work out its programme within the allocation of funds made annually in the Union Budget. During 1979-80 the Government of India allocated Rs 85.63 crores for the development of khadi and village industries under the schemes of the Sixth Five Year Plan. Of this amount a sum of Rs 14.75 crores was designed to be provided as subsidy and another sum of Rs 88 lakhs was earmarked for schemes under National Committee on Science and Technology (NCST). Thus only Rs 70 crores were available—Rs 45.50 crores for the development of khadi and Rs 24.50 crores for the development of no fewer than 22(twentytwo) village industries coming under the purview of the Commission (a pithy allocation of just Rs 2 crores on an average for each of the 22 industries!). Obviously no organisation can be expected to achieve a miracle with this pathy allotment, particularly when the area calling for attention is as wide as the Indian country where, according to the 1981 census, as much as 76 per cent of the Indian population resides. It is not surprising that the Khadi and Village Industries Commission has not succeeded in solving the problem of rural poverty and unemployment.

Village industries development bank

The money that the Commission gets from the Government of India is mostly distributed to other agencies and only an insignificant portion of it is employed by the Commission for direct production. The Commission's reputation depends on the efficiency and integrity with which these agencies function. The Commission's direct production expenditure represents an insignificant proportion of its disbursements. In other words, the Commission works more or less as a development bank for village industries. But there is a difference. The Commission provides finance, like any other development bank, to various units. But it has to do much more. It has to develop better technology and secure its acceptance in actual production. This involves not only R & D work but also training artisans and supervisors.

There is yet another difference. Persons approach other development banks only after they have already decided on what they wish to do and have also set up an organisation to carry out the intended activity. Mostly their requirement is financial and once that requirement is met by the development bank they are able to acquire the required equipment and machinery and embark on production and marketing. The situation is very much different in the case of village industries. The Commission has to find the target group and persuade it to apply for funds and then actively sustain its productive and marketing efforts.

There are two kinds of organisations in the field of village industries—the so-called registered institutions which are registered under the Registration of Societies Act and the cooperative societies. The registered institutions more or less exclusively produce khadi, while the cooperatives generally are the producers of other village industries products. Whereas in 1965-66 there were 1037 registered institutions in the field by of khadi and village industries by 1978-79 the number came down to 694. The effective rise was in the number of cooperative societies from 19,371 in 1965-66 to 27,071 in 1978-79. Considering the number of villages which total over 5.75 lakhs, the number of cooperatives formed is just insignificant. Among the reasons for the tardy growth of cooperatives are lack of raw materials, inadequate finance, poverty and illiteracy of artisans, keen competition in marketing of the products with that of organised industries, lack of technical guidance and managerial skills etc. Lack of infrastructure facilities, and heavy indebtedness of artisans also hampered progress.

Moreover many of the cooperative societies existed only on paper as they were dormant. The Second Working Group on Industrial Cooperative observed that the financial agencies would be well advised to consider the difficulties of the societies with sympathy and understanding and, if necessary, to relax some of their rules regarding financing of the societies and make additional funds available to enable a society to attain full production capacity and earn profit.

The Commission has requested the state governments to continue or revive the **Government of India's** 90 per ce Default Guarantee Scheme so that the cooperative banks would be inclined to finance the KVI cooperatives in a big way. The scheme which was in operation in the Second and Third Five Year Plan periods was discontinued from the Fourth Five Year Plan, by most of the state governments. In response to the KVIC's continued efforts, the Gujarat Government revived the scheme and made it applicable to KVI cooperatives. The matter was under the consideration of the state governments of Uttar Pradesh and Orissa.

The real bottleneck

The real bottleneck to the progress of village industries is thus the absence of organisations at the village level to take up the programme or even to receive the financial assistance for productive purposes. Until and unless this bottleneck is removed there cannot be any further extension of the programme to any significant extent.

Perhaps an attempt could be made with the elected panchayats, wherever they are existing, as some of them were found to have responded positively to the implementation of the food for work programme. Of course implementing the village industries programme involves a much more complicated work than building roads or digging a pond. Therefore care has to be exercised to identify the elements with entrepreneurial quality in the panchayats. However, as long as illiteracy remains as widespread as it is now in rural areas the progress in building up institutions cannot hope to achieve much of a success. It is here that the Government has to play a vigorous role to promote education.

The following table summarises the position of different types of organisations engaged in khadi and village industries.

Some Selected Indicators of Progress
Khadi and Village Industries

		1955-56	1960-61	1965-66	1968-69	1973-74	1977-78	1978-79 Provisional
1	2	3	4	5	6	7	8	9
I.	Organisations (Nos.)							
	(i) State Boards	2	14	15	15	20	24	24
	(ii) Institutions	242	720	1,037	678	681	694	694
	(iii) Cooperatives	60	11,765	19,371	20,079	23,715	27,071	27,071
	Total	304	12,499	20,423	20,772	24,416	27,789	27,789
II.	Production (Rs crores)							
	(i) Khadi	5.6	14.2	26.8	23.4	32.7	64.9	76.6
	(ii) Village industries	10.9	33.2	55.9	75.1	122.4	192.5	213.3
	Total	16.5	47.4	82.7	98.5	155.1	257.4	289.9
III	Sales (Rs crores)							
	(i) Khadi	4.4	14.1	19.7	20.7	46.0	66.5	78.0
	(ii) Village industries	0.9	28.3	49.7	64.0	115.6	190.3	211.5
	Total	5.3	42.4	69.4	84.7	161.6	256.8	289.5
IV.	Employment (lakhs)							
	Khadi							
	(i) Full time	0.61	2.05	1.81	1.32	1.07	2.39	2.70
	(ii) Part time	5.96	15.08	17.14	12.04	7.77*	6.83	7.71
	Total	6.57	17.13	18.95	13.36	.84	9.22	10.41
	Village Industries							
	(i) Full time	0.08	0.73	0.81	0.79	1.32	3.16	4.23
	(ii) Part time	2.99	6.08	7.96	6.93	7.96	11.78	12.00
	Total	3.07	6.81	8.77	7.72	9.28	14.94	16.23
V.	Wages/earnings (Rs crores)	6.9	15.1	26.9	25.5	39.2	81.2	93.3

* Khadi programme received a set back during the period 1966-67 to 1970-71 due to various reasons

Khadi and village industries in Indian economy

Concluded from page 4

lity and price neo-soap is competitive.

Improved tools

KVIC's emphasis was always on distribution of improved tools/equipment and machines. A major breakthrough was in edible oil crushing where power drive was introduced for operating the ghani. Similarly, mini power dehuskers, polishers, carding machines, hydraulic crushers for sugarcane crushing, improved crystallisers, power operated shaila wheel (which got the award from the Invention Board) etc were introduced.

As an example of diversification of activities, mention can be made of preparation of papad (Lijjat), backery products, scientific neera collection and catering, manufacture of irrigation pipes, glazed pottery articles, lympo, manufacture of plastic match boxes, manufacture of palmyra fibre products, manufacture of leather sports goods, garments etc. There was emphasis on the use of new raw materials. KVIC successfully experimented mixing of polyester fibre with cotton for producing blended fabric. This has opened up new opportunities for the mixing of manmade fibre in cotton, silk and wool which would improve the quality and marketability of the products. It will also ensure higher earnings to artisans/workers. There was considerable improvement in the quality of KVI products. Some of which are being manufactured according to ISI specifications. Agmarking is being strictly enforced in certain products.

Training

Under the training programme of KVIC, 7.22 lakh artisans/workers were trained up to 1980-81.

The design and printing technology achievea new dimension in the field of processing of khadi. There is marked increase in the demand for readymade garments.

In recent years, the quality of both Khadi and Village Industries products has improved. The village industries products are being manufactured in tune with the pattern of demand; there is better finish, more variety and improved appearance in the products. Packaging has also been improved.

The concept of raw material bank has been given a concrete shape in cotton and raw wool. The results have been encouraging.

The supplies to Government under the system of accepted tenders increased from Rs 1.17 crores in 1973-74 to Rs 4.69 crores in 1980-81.

Exports

In 1980-81, goods worth Rs 253.58 lakhs were exported directly under the agencies of KVIC. Palmyra fibre worth Rs 2 crores is annually exported by private parties. They are also handling the export of leather and silk goods.

The organisation has succeeded in reducing the extent of subsidisation and grants. The programme today increasingly depends on loans. Except for the weaker sections, the element of grant has been practically eliminated in the pattern of financial assistance for village industries. In khadi too, the subsidisation is only at the point of sale *i.e.* a sales rebate the benefit of which is passed on fully to the consumer in the form of reduced price. The net incidence of grant has also been lightened.

The share of the scheduled castes and scheduled tribes in KVI activities was around 26 per cent.

It is worth mentioning that women participation rate in certain activities of KVI is relatively high. The share of women in the total employment is around 45 per cent.

Looking over the programme of TRYSEM

Concluded from page 28

ber of unemployed persons waiting to receive training in rural industries, to enable them to set up production units of their own.

(b) Many composite training centres should be set up to meet the growing requirement.

(c) Importance should be given to the development of appropriate technology, to be used in village industries, so that a higher income is ensured to the artisans. In the training centres, appropriate technology should be used for imparting training.

(d) Setting up of design centres in all states may be necessary to meet the requirements of training centres.

(e) Uptill now all the programmes of development that have been formulated and implemented were done over the head of the artisans and no direct programme of making investment in the artisan person has ever been thought of. Unless a change is made in this direction and multifaceted programmes for the development of artisans introduced, poverty will persist and no useful benefit would reach the artisans. These development programmes should encourage the artisan to learn and educate, all members of his family.

(f) Research work should be entrusted to each of the national level central institutes. The present arrangement of assigning this job to CART may be insufficient.

(g) In order to extend and coordinate training facilities in the state, it may be necessary to create the post of Additional General Manager-DIC, exclusively to attend to the work of rural industrialisation. These general managers should be on the payrol of the Industry Departments.

(h) It has to be accepted and recognised that the commission by itself cannot be expected to cover every nook and corner of the country, in providing training facilities to artisans of diverse character engaged in multifarious trades. The KVIC has, however, initiated action to expand the training infrastructure with funds provided to it by the Government under the TRYSEM programme.

(i) A partial solution to the problem can be found if the existing training centres run by other agencies such as the IITs, and polytechnics start a village industries wing, in collaboration with the KVIC. Such collaborative efforts in a few cases have produced excellent results. The KVIC would also welcome proposals for training programmes from voluntary agencies which are working in the field of rural reconstruction, but are not to-day operationally linked up with the commission.

25 years of Khadi & Village Industries Commission

—Selected statistics

Compiled by Directorate of Economic Research,
Khadi & Village Industries Commission

Khadi and village industries : Government releases to KVIC (Rs. crores)

Year	Khadi				Village Industries				Khadi & Village Industries			
	Grant	Loan	Subsidy in lieu of interest@	Total	Grant	Loan	Subsidy in lieu of interest@	Total	Grant	Loan	Subsidy in lieu of interest@	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
1953-54	0.21	1.19	—	1.40	0.08	0.06	—	0.14	0.29	1.25	—	1.54
1954-55	0.83	1.53	—	2.36	0.20	0.29	—	0.49	1.03	1.82	—	2.85
1955-56	1.89	3.66	—	5.55	0.76	0.88	—	1.64	2.65	4.54	—	7.19
Total First Plan	2.93	6.38	—	9.31	1.04	1.23	—	2.27	3.97	7.61	—	11.58
1956-57	3.50	5.85	—	9.35	1.07	1.25	—	2.32	4.57	7.10	—	11.67
1957-58	5.22	5.70	—	10.92	1.63	1.51	—	3.14	6.85	7.21	—	14.06
1958-59	6.19	6.35	—	12.54	1.80	1.70	—	3.50	7.99	8.05	—	16.04
1959-60	7.33	3.68	—	11.01	1.80	2.70	—	4.50	9.13	6.38	—	15.51
1960-61	5.92	7.67	2.86*	16.45	1.87	2.33	10.78*	4.98	7.79	10.00	3.64*	21.43
Total Second Plan	28.16	29.25	2.86*	60.27	8.17	9.49	0.78*	18.44	36.33	38.74	3.64*	78.71
1961-62	6.01	2.55	1.50	10.06	2.50	2.67	0.47	5.64	8.51	5.22	1.97	15.70
1962-63	7.75	4.57	1.49	13.81	2.25	0.55	0.60	3.40	10.00	5.12	2.09	17.21
1963-64	8.69	2.00	1.81	12.50	1.81	1.80	0.52	4.13	10.50	3.80	2.33	16.63
1964-65	9.43	3.92	1.91	15.26	1.50	1.00	0.46	2.96	10.93	4.92	2.37	18.22
1965-66	9.00	2.54	2.07	13.61	3.50	1.43	0.60	5.53	12.50	3.97	2.67	19.14
Total Third Plan	40.88	15.58	8.78	65.24	11.56	7.45	2.65	21.66	52.44	23.03	11.43	86.90
1966-67	8.48	3.00	2.28	13.76	1.67	1.96	0.83	4.46	10.15	4.96	3.11	18.22
1967-68	8.41	3.00	2.41	13.82	1.82	1.60	0.92	4.34	10.23	4.60	3.33	18.16
1968-69	8.50	1.05	2.55	12.10	2.00	1.60	0.97	4.57	10.50	2.65	3.52	16.67
Total Annual Plans	25.39	7.05	7.24	39.68	5.49	5.16	2.72	13.37	30.88	12.21	9.96	53.05
1969-70	7.64	2.22	2.67	12.53	2.26	1.64	1.09	4.99	9.90	3.86	3.76	17.52
1970-71	7.74	3.20	2.81	13.75	2.75	2.05	1.26	6.06	10.49	5.25	4.07	19.81
1971-72	7.00	4.87	2.94	14.81	2.95	3.25	1.35	7.55	9.95	8.12	4.29	22.36
1972-73	8.12	2.95	3.20	14.27	3.00	3.40	1.50	7.80	11.12	6.25	4.70	22.07
1973-74	6.40	1.00	3.36	10.76	2.50	1.00	1.71	5.21	8.90	2.00	5.07	15.97
Total Fourth Plan	36.90	14.24	14.98	66.12	13.46	11.24	6.91	31.61	50.36	25.48	21.89	97.73
1974-75	4.74	3.50	3.46	11.70	1.50	3.00	1.77	6.27	6.24	6.50	5.23	17.97
1975-76	5.52	11.00	3.95	20.47	0.84	4.00	1.88	6.72	6.36	15.00	5.83	27.19
1976-77	6.66	8.40	4.93	19.99	1.93	4.20	2.33	8.46	8.59	12.60	7.26	28.45
1977-78	9.00	16.20	6.62	31.82	2.40	7.58	2.85	12.83	11.40	24.78	9.47	44.65
Total Fifth Plan	25.92	39.10	18.96	83.98	6.67	18.78	8.83	34.28	32.59	57.88	27.79	118.26
1	2	3	4	5	6	7	8	9	10	11	12	13
1978-79	11.11	27.75	7.39	46.25	5.62	12.25	3.93	21.80	16.73	40.00	11.32	68.05
1979-80	12.69	33.00	10.49	56.18	6.19	19.00	4.77	29.96	18.88	52.00	15.27	86.15
Total Annual Plan	23.80	60.75	17.88	102.43	11.81	31.25	8.70	51.76	35.61	92.00	26.59	154.20
1980-81 (Provisional)	11.94	27.50	12.42	51.86	6.69	2030	6.02	33.01	18.63	47.80	18.44	84.87
1981-82 (Provisional)	20.30	18.50	14.00	52.80	8.20	24.00	7.00	39.20	28.50	42.50	21.00	92.00

* Total subsidy paid from 1953-54 to 1960-61. Yearwise figures not available.

@ The Commission is required to pay larger interest on loans sanctioned by the Government than charged by it to implementing agencies. However, the Government sanctions the difference as interest subsidy. It is only a book adjustment.

Note : (1) Releases include funds for establishment expenditure of KVIC upto 1973-74 only.
(2) Grant includes funds for Research and Development under NCST from 1975-76.

Disbursement by KVIC to the implementing agencies

(Rs. in crores)

Year	Khadi			Village Industries			Total		
	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1953-54	0.29	0.67	0.96	0.08	0.05	0.13	0.37	0.72	1.09
1954-55	0.82	1.05	1.87	0.20	0.23	0.43	1.02	1.28	2.30
1955-56	1.65	1.76	3.41	0.73	0.78	1.51	2.38	2.54	4.92
1956-57	3.50	4.85	8.35	1.07	1.25	2.32	4.57	6.10	10.67
1957-58	4.83	6.34	11.17	1.47	1.62	3.09	6.30	7.96	14.26
1958-59	5.49	9.09	14.58	1.81	2.08	3.89	7.30	11.17	18.47
1959-60	6.50	8.33	14.83	1.48	2.93	4.41	7.98	11.26	19.24
1960-61	5.56	10.22	15.78	1.82	3.38	5.20	7.38	13.60	20.98
1961-62	5.48	12.45	17.93	2.31	5.05	7.36	7.79	17.50	25.29
1962-63	7.12	13.92	21.04	1.90	4.61	6.51	9.02	18.53	27.55
1963-64	7.98	8.88	16.86	2.09	4.81	6.90	10.07	13.69	23.76
1964-65	8.16	9.51	17.67	1.29	3.68	4.97	9.45	13.19	22.64
1965-66	7.41	8.74	16.15	2.00	4.65	6.65	9.41	13.39	22.80
1966-67	7.91	10.90	18.81	1.68	5.11	6.79	9.59	16.01	25.60
1967-68	7.94	5.31	13.25	1.32	4.79	6.11	9.26	10.10	19.36
1968-69	7.11	3.71	10.82	1.32	4.64	5.96	8.43	8.35	16.78
1969-70	6.41	3.29	9.70	1.19	5.25	6.44	7.60	8.54	16.14
1970-71	6.05	2.73	8.78	1.07	4.21	5.28	7.12	6.94	14.06
1971-72	5.64	5.00	10.64	1.24	3.45	4.69	6.88	8.45	15.33
1972-73	5.89	3.40	9.29	1.39	6.13	7.52	7.28	9.53	16.81
1973-74	5.55	2.59	8.14	0.97	2.42	3.39	6.52	5.01	11.53
1974-75	6.14	3.89	10.03	1.45	4.15	5.60	7.59	8.04	15.63
1975-76	7.60	11.94	19.54	1.80	6.42	8.22	9.40	18.36	27.76
1976-77	6.85	8.13	14.98	2.67	6.92	9.59	9.52	15.05	24.57
1977-78	9.94	15.31	25.25	3.09	9.38	12.47	13.03	24.69	37.72
1978-79	11.13	25.19	63.32	4.89	13.27	18.16	16.02	38.46	54.48
1979-80	11.79	28.68	40.47	6.11	19.33	25.44	17.90	48.01	65.91
1980-81	13.41	24.43	37.84	7.52	23.08	30.60	20.93	47.51	68.44
1981-82 (Provisional)	21.30	20.00	40.30	7.30	25.75	33.05	27.60	45.75	73.35

Net disbursement on khadi and village industries

(Rs. in crores)

Year	Khadi			Village industries			Khadi & village industries		
	Net grant	Loans outstanding	Total	Net grant	Loans outstanding	Total	Net grant	Loans outstanding	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1953-54	0.29	0.67	0.96	0.08	0.05	0.13	0.37	0.72	1.09
1954-55	0.81	1.66	2.47	0.20	0.26	0.46	1.01	1.92	2.93
1955-56	1.65	2.93	4.58	0.72	1.01	1.73	2.37	3.94	6.31
1956-57	3.40	7.14	10.54	0.06	2.16	2.22	3.46	9.30	12.76
1957-58	4.74	11.53	16.27	1.43	3.66	5.09	6.17	15.19	21.36
1958-59	5.44	17.85	23.29	1.70	5.38	7.08	7.14	23.23	30.37
1959-60	6.41	21.48	27.89	1.37	7.84	9.21	7.78	29.32	37.10
1960-61	5.44	26.29	31.73	1.59	10.26	11.85	7.03	36.55	43.58
1961-62	5.29	29.97	35.26	1.94	12.83	14.77	7.23	42.80	50.03
1962-63	6.75	34.49	41.24	1.05	13.47	14.52	7.80	47.96	55.76
1963-64	7.69	35.92	43.61	1.44	14.92	16.36	9.13	50.84	59.97
1964-65	7.86	38.85	46.71	0.39	15.21	15.60	8.25	54.06	62.31
1965-66	7.17	40.84	48.01	1.88	17.30	19.18	9.05	58.14	67.19
1966-67	7.76	44.92	52.68	1.49	19.30	20.79	9.25	64.22	72.47
1967-68	7.84	47.30	55.14	1.23	20.63	21.86	9.07	67.93	77.00
1968-69	7.01	48.50	55.51	1.18	22.13	23.31	8.19	70.63	78.82
1969-70	6.29	49.92	56.21	1.09	23.47	24.56	7.38	73.39	80.77
1970-71	5.99	51.44	57.43	0.96	25.39	26.35	6.95	76.83	83.78
1971-72	5.57	55.44	61.01	1.12	27.27	28.39	6.69	82.71	89.40
1772-73	5.81	58.14	63.95	1.27	30.68	31.95	7.08	88.82	95.90
1973-74	5.49	59.75	65.24	0.92	31.51	32.43	6.41	91.26	97.67
1974-75	6.08	62.43	68.51	1.40	34.59	35.99	7.48	97.02	104.50
1975-76	6.17	73.46	79.63	1.31	38.70	40.01	7.48	112.16	119.64
1976-77	6.45	80.19	86.64	2.18	43.75	45.93	8.63	123.94	132.57
1977-78	8.61	94.17	102.78	2.84	50.83	53.67	11.45	145.00	156.45
1978-79	10.44	118.13	128.57	4.59	62.21	66.80	15.03	180.34	195.37
1979-80	11.64	144.14	155.78	5.91	78.72	84.63	17.55	222.86	240.41
1980-81	12.91	165.63	178.54	7.37	98.98	106.35	20.28	264.61	284.89
1981-82	20.30	184.13	204.43	8.20	122.98	130.18	28.50	307.11	334.61

Net Grant: Grant disbursed during the year minus grant refunded during the year.

Note:—Disbursement does not include imprest.

Khadi and village industries : Production

Qty : Lakh sq metres
Value : Rs in lakhs

Year	Khadi								Village Industries	Total (Khadi & V. I.)
	Cotton		Woollen		Silk		Total Khadi			
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Value	Value
1	2	3	4	5	6	7	8	9	10	11
1953-54	85.85	190.33	9.39	24.20	0.73	4.50	95.97	219.03	58.65	277.68
1954-55	153.52	334.22	4.80	15.03	1.59	9.05	159.91	358.30	698.36	1 056.66
1955-56	230.26	498.68	4.48	27.61	5.16	28.04	239.90	544.33	1,093.08	1.647.41
1956-57	343.21	740.69	12.97	51.76	5.81	30.07	361.99	822.52	1,272.49	2,095.01
1957-58	474.26	971.27	23.30	121.39	10.45	55.73	508.01	1.148.39	1498.98	2,598.37
1958-59	563.15	1.195.88	25.21	118.15	12.00	61.69	600.36	1,375.72	2625.43	4.001.15
1959-60	557.43	1.194.24	23.96	136.34	12.77	83.88	594.16	1.414.46	2761,70	4.176.16
1960-61	490.59	1.116.02	35.92	222.37	11.14	85.10	537.65	1.423.49	3315.65	4.739.14
1961-62	571.10	1.287.00	48.57	298.79	12.80	105.19	632.47	1.690.98	3776.81	5.467.79
1962-63	667.95	1.584.41	63.29	415.89	15.27	121.26	746.51	2.121.56	4001.43	6.122.99
1963-64	624.75	1.514.33	71.73	535.61	18.59	159.49	715.07	2.209.43	4331.43	6.540.86
1964-65	719.83	1.455.53	67.53	470.31	18.90	172.54	806.26	2.098.38	3933.45	6.931.83
1965-66	755.29	1.876.19	69.90	594.22	23.35	210.45	848.54	2.630.86	5587.09	8.267.95
1966-67	696.56	1.971.81	66.02	582.66	23.01	229.87	785.59	2.784.34	5961.51	8.745.85
1967-68	568.68	1.743.76	48.28	437.04	21.89	248.27	638.85	2.429.07	7456.12	9.885.19
1968-69	543.58	1.735.65	39.32	382.76	17.29	219.31	600.19	2.337.72	7512.45	9.850.17
1969-70	557.10	1.870.36	49.22	473.14	15.88	220.04	622.20	2.563.54	7798.86	10.362.40
1970-71	496.28	1.758.54	54.99	583.50	16.10	242.57	567.37	2.584.61	8560.34	11.144.95
1971-72	452.45	1.800.16	69.03	686.40	19.09	283.87	540.57	2.770.43	9369.12	12.139.55
1972-73	493.25	2,098.46	69.36	729.33	19.61	330.45	582.22	3,158.24	10913.71	14.071.95
1973-74	478.19	2.169.99	57.27	724.78	21.73	377.63	557.19	3,272.40	12239.83	15.512.23
1974-75	506.17	2.940.07	67.28	1,019.60	18.73	367.91	592.18	4.327.58	13630.88	17.958.46
1975-76	475.92	3.327.50	67.67	937.49	17.54	408.28	561.13	4,673.27	14848.25	19.521.52
1976-77	553.49	3.882.20	68.45	1.136.51	22.80	584.60	644.74	5.603.31	17171.69	22.775.00
1977-78	572.17	4.241.11	84.77	1.574.51	27.18	673.31	684.12	6.488.93	19253.81	25.742.74
1978-79	594.66	4.899.74	91.98	1.951.10	28.41	802.93	715.06	7.653.77	24297,33	31.951.10
1979-80	684.77	5.987.18	106.81	2.222.28	31.16	993.23	822.74	9.202.69	34798.45	44.001.14
1980-81	794.82	7.592.78	84.97	1.959.87	30.30	1,32.31	910.09	10,684.96	45123.56	55.808.52
1981-82 (Provisional)	900.00	8,990.00	94.50	2.180.00	35.00	1,330.00	1.029.50	12.500.00	50518.00	63 018.00

Khadi and village industries : Employment

(Employment : Lakh persons)

Year	Khadi			Village industries			Khadi and village industries		
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total
1953-54	0.31	3.48	3.79	0.01	3.04	3.05	0.32	6.52	6.84
1954-55	0.49	4.74	5.23	0.06	2.96	3.02	0.55	7.70	8.25
1955-56	0.61	5.96	6.57	0.08	2.99	3.07	0.69	8.95	9.64
1956-57	0.91	7.89	8.80	0.60	6.18	6.78	1.51	14.07	15.58
1957-58	1.33	10.03	11.36	0.42	5.22	5.64	1.75	15.25	17.00
1958-59	1.47	12.52	13.99	0.33	5.02	5.35	1.80	17.54	19.34
1959-60	1.96	14.12	16.08	0.47	5.28	5.75	2.43	19.40	21.83
1960-61	2.05	15.08	17.13	0.73	6.08	6.81	2.78	21.16	23.94
1961-62	2.09	15.37	17.46	0.84	4.53	5.37	2.93	19.90	22.83
1962-63	2.34	15.64	17.98	0.82	6.51	7.33	3.16	22.15	25.31
1963-64	2.35	16.25	18.60	0.72	6.54	7.26	3.07	22.79	25.86
1964-65	2.35	16.80	19.15	0.72	6.17	6.89	3.07	22.97	26.04
1965-66	1.81	17.14	18.95	0.81	7.96	8.77	2.62	25.10	27.72
1966-67	1.71	16.52	18.23	0.75	6.30	7.05	2.46	22.82	25.28
1967-68	1.32	12.04	13.36	0.75	6.95	7.70	2.07	18.99	21.06
1968-69	1.32	12.04	13.36	0.79	6.93	7.72	2.11	18.97	21.08
1969-70	1.26	9.74	11.00	0.87	8.18	9.05	2.13	17.92	20.05
1970-71	1.17	8.24	9.41	1.05	8.74	9.79	2.22	16.98	19.20
1971-72	1.21	8.42	9.63	1.24	7.15	8.39	2.45	15.57	18.02
1972-73	1.26	8.73	9.99	1.37	7.03	8.40	2.63	15.76	18.39
1973-74	1.07	7.77	8.84	1.32	7.96	9.28	2.39	15.73	18.12
1974-75	1.10	7.91	9.01	1.57	8.25	9.82	2.67	16.16	18.83
1975-76	1.13	7.12	8.25	1.84	9.37	11.21	2.97	16.49	19.46
1976-77	1.30	7.23	8.53	2.23	9.49	11.72	3.53	16.72	20.25
1977-78	2.39	6.83	9.22	3.16	11.78	14.94	5.55	18.61	24.16
1978-79	2.53	7.81	10.34	5.04	9.92	14.96	7.57	17.73	25.30
1979-80	3.41	7.79	11.20	5.66	10.47	16.13	9.07	18.26	27.33
1980-81	3.95	8.11	12.06	6.28	11.82	18.10	10.23	19.93	30.16
1981-82 (P)	3.97	8.41	12.38	8.35	12.93	21.34	12.32	21.40	33.72

(P)—Provisional

Khadi and village industries : Sales

(Value : Rs in lakhs)

Year	Khadi				Village	Total
	Cotton	Woollen	Silk	Total	Industries	Khadi & V.I.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
53-54	NA	NA	NA	129.98	58.79	188.77
54-55	NA	NA	NA	338.44	66.40	404.84
55-56	NA	NA	NA	437.40	90.33	527.73
56-57	NA	NA	NA	623.50	226.65	850.15
57-58	NA	NA	NA	829.85	472.21	1,302.06
58-59	NA	NA	NA	861.10	799.60	1,660.70
59-60	NA	NA	NA	1,060.45	1,907.69	2,968.14
60-61	NA	NA	NA	1,407.25	2,835.82	4,243.07
61-62	NA	NA	NA	1,877.54	3,087.04	4,964.58
62-63	NA	NA	NA	2,036.78	3,520.81	5,557.59
63-64	NA	NA	NA	2,257.96	3,849.54	6,107.50
64-65	NA	NA	NA	2,112.37	4,424.41	6,536.78
65-66	1,441.05	388.73	137.34	1,967.12	4,972.98	6,940.10
66-67	1,789.72	590.89	195.40	2,576.01	5,391.25	7,967.26
67-68	1,789.34	483.96	227.56	2,500.86	6,171.43	8,672.29
68-69	1,515.61	369.95	188.40	2,073.96	6.397.74	8,471.70
69-70	1,794.20	563.72	251.24	2,609.16	6,420.20	9,029.36
70-71	1,779.67	571.10	221.91	2,572.68	7,424.51	9,997.19
71-72	1,990.64	637.80	276.31	2,904.75	8,124.15	11,028.90
72-73	2,170.35	640.78	284.70	3,095.92	9,704.56	12.800.48
73-74	2,574.88	1,549.71	470.18	4,594.77	11,564.23	16,159.00
74-75	2,656.26	1,095.81	449.31	4,201.38	13,317.10	17,518.48
75-76	3,222.91	1,154.62	652.66	5,030.19	15,158.10	20,188.29
76-77	3,454.40	1,276.70	464.97	5,197.07	17,469.51	22,666.58
77-78	4,557.60	1,437.19	657,09	6,651.88	19,029.45	25,681.33
78-79	5,062.50	1,970.51	792.81	7,825.82	24,200.85	32026.67
79-80	6,140.57	1,689.05	885.06	8,714.68	35,897.00	44,611.68
80-81	7,802.12	2,276.49	952.41	11,031.02	47,646.56	58,677.58
81-82 rovisional)	9,300.00	2,400.00	1,300.00	13,000.00	52,615.00	65.615.00

Khadi and village industries : Earnings

(Earnings : Rs in lakhs)

Year	Khadi	Village industrjes	Total
1953-54	131.42	5.47	136.89
1954-55	214.98	299,58	514.56
1955-56	332.60	359.88	692.48
1956-57	492.39	371.02	863.41
1957-58	689.03	371.21	1,060,24
1958-59	825.43	523.31	1,348.74
1959-60	848 68	564.14	1,412 82
1960-61	854.09	652.59	1,506.68
1961-62	1,014.59	645.76	1,660.35
1962-63	1,272.94	770.63	2 043.57
1963-64	1,325.66	1,027.85	2,353.51
1964-65	1,362.13	1,073.72	2,435.85
1965-66	1,614.00	1,073.88	2,687,88
1966-67	1,742.25	862.86	2,605.11
1967-68	1,402.33	1,142.68	2,545.01
1968-69	1,327.25	1,219.58	2.546.83
1969-70	1,492.98	1,316.12	2.809.10
1970-71	1,421.55	1,518.95	2,940.50
1971-72	1,552.38	1,629.93	3,182.31
1972-73	1.809.55	1,780.32	3.589.87
1973-74	1,708.08	2,215.54	3,923.62
1974-75	2,332.07	2.803.89	5,135.96
1975-76	2,382.98	3.519.35	5.902.33
1976-77	2,819.25	4.020.65	6.839.90
1977-78	3,105.87	5,010.96	8,116.83
1978-79	3.651.18	5.979.20	9.630.38
1979-80	4,324.94	7,883 92	12.208.86
1980-81	5,261.44	10,133.79	15.395.23
1981-82 (Provisional)	6,250.00	12.630.00	18.880.00

Khadi and village industries : Organisational set up (1980—81)

Sr. No.	States and Union Territories	State Boards	Registered institutions	Co-operative societies
I. STATES				
1.	Andhra Pradesh	1	65	1799
2.	Assam	1	29	317
3.	Bihar	1	54	3193
4.	Gujarat	1	127	853
5.	Haryana	1	19	1329
6.	Himachal Pradesh	1	3	351
7.	Jummu and Kashmir	1	3	764
8.	Karnataka	1	51	1413
9.	Kerala	1	37	1571
10.	Madhya Pradesh	1	24	1477
11.	Maharashtra	1	42	1466
12.	Manipur	1	8	262
13.	Meghalaya	1	—	4
14.	Nagaland	1	—	1
15.	Orissa	1	26	2171
16.	Punjab	1	18	2241
17.	Rajasthan	1	85	1809
18.	Sikkim	1	—	—
19.	Tamil Nadu	1	63	3308
20.	Tripura	1	3	—
21.	Uttar Pradesh	1	173	4047
22.	West Bengal	1	104	667
	Total—I	22	934	29043
II. Union Territories				
1.	Chandigarh	1	—	—
2.	Delhi	1	10	29
3.	Goa, Daman & Diu	1	1	—
4.	Pondicherry	1	—	—
	Total II	4	11	29
	Total—I + II	26	945	29072

Percentage share of women participation in khadi and village industries

Sr. No.	Industry	Approximate percentage share of women participation.
I	**KHADI**	
a)	Cotton	60 to 75
b)	Woollen	40
c)	Silk	50 to 60
II	**VILLAGE INDUSTRIES**	
1)	Processing of cereals and pulses.	80
2)	Village leather	10
3)	Cottage match	45
4)	Palmgur making and other palm products.	35
5)	Non-Edible oils & soap	40
6)	Handmade paper	10
7)	Village pottary	35 to 40
8)	Fibre	50 to 60
9)	Lime manufacturing	15 to 20
10)	Collection of forest plants for medicinal purposes	50
11)	Collection of (i) Gum	50
	(ii) Resins	20
12)	Katha	50
13)	Fruit processing and fruit preservation	50
14)	Bamboo and cane work	35 to 40

Industries under the purview of Khadi and Village Industries Commission

A. KHADI

"Khadi means any cloth woven on handlooms in India from cotton silk or woollen yarn handspun in India or from mixture of any two or all of such yarns."

B. VILLAGE INDUSTRIES

"Village Industries" means all or any of the industries specified in the Schedule and includes any other industry deemed to be specified in the schedule."

The Schedule

1. Beekeeping
2. Cottage Match, manufacture of fireworks and Agarbatties.
3. Cottage Pottery Industry
4. Cottage soap industry
5. Flaying, curing and tanning of hides and skins and ancillary industries connected with the same and cottage leather industry.
6. Ghani oil industry
7. Handmade Paper
8. Manufacture of canegur and khandsari
9. Palmgur making and other plam products industry.
10. Processing, packaging and Marketing of cereals, pulses, spices, condiments, masalas etc.
11. Manufacture and use of manure and methane gas from cowdung and other waste products (such as flesh of dead animals, night soil etc.)
12. Lime stone, lime shell and other lime products.
13. Manufacture of shellac
14. Collection of forest plants and fruits for medicinal purposes.
15. Fruit and Vegetable processing preservation and Canning Including Pickles.
16. Bamboo and canework.
17. Blacksmithy
18. Carpentry
19. Fibre other than coir
20. Manufacture of household utensils in aluminium
21. Manufacture of katha
22. Manufacture of gum resins
23. Manufacture of Lokvastra
24. Manufacture of Polyvastra.

Employment of scheduled castes, scheduled tribes in khadi & village industries in 1980-81

Sr. No.	Items	Employment (lakh persons)		
		Total	Share of	
			S.C.	S.T.
I.	**KHADI**	12.06	1.15	0.11
II.	**VILLAGE INDUSTRIES**			
1.	Processing of Cereals & Pulses	0.41	0.01	0.01
2.	Ghani Oil	0.47	0.01	0.01
3.	Village Leather	0.99	0.99	—
4.	Cottage Match	0.53	0.01	0.01
5.	Cane Gur and Khandsari	1.33	0.09	0.03
6.	Palmgur	4.30	0.06	0.04
7.	Non-Edible Oils and Soap	1.56	0.06	1.36
8.	Handmade paper	0.06	*	*
9.	Beekeeping	1.71	*	0.52
10.	Village Pottery	1.54	0.03	—
11.	Fibre	1.33	0.65	0.16
12.	Carpentry and Blacksmithy	1.00	0.01	*
13.	Lime Manufacturing	0.27	0.01	—
14.	Gobar Gas	0.10	—	—
15.	Collection of Forest Plants and Fruits for Medicinal Purposes	0.15	—	0.10
16.	Shellac	0.02	—	0.02
17.	Gums and Resins	1.72	—	1.72
18.	Manufacture of Katha	0.08	—	0.08
19.	Fruit Processing and Fruit Preservation	0.02	—	0.01
20.	Bamboo and Cane Work	0.50	0.24	0.23
21.	Household Aluminium Utensils	*	*	*
22.	Polyvastra	0.01	—	—
	Total—II	18.10	2.17	4.30
	Total —I + II	30.16	3.32	4.41
			11%	15%

* — Less than 500

Statewise disbursement, production, sales, employment and earnings : 1980-81

(Employment : Lakh persons ; Other figures : Rs in lakhs)

Sr. No.	States and Union Territories	DISBURSEMENT					
		Khadi		Village industries		Total	
		Grant	Loan	Grant	Loan	Grant	Loan
1	2	3	4	5	6	7	8
I.	STATES						
1.	Andhra Pradesh	24.60	103.36	23.53	72.16	48.13	175.52
2.	Assam	7.39	15.15	10.02	32.10	17.41	47.25
3.	Bihar	156.33	155.41	38.28	116.81	194.61	272.22
4.	Gujarat	95.36	185.09	48.57	96.12	143.93	281.21
5.	Haryana	1.09	21.01	15.76	156.56	16.85	177.57
6.	Himachal Pradesh	0.28	10.41	11.92	73.19	12.20	83.60
7.	Jammu and Kashmir	0.12	15.15	3.69	36.83	3.81	51.98
8.	Karnataka	38.10	130.26	18.70	183.72	56.80	313.98
9.	Kerala	57.14	156.01	21.56	224.33	78.70	380.34
10.	Madhya Pradesh	34.27	86.36	15.13	41.17	49.40	127.53
11.	Maharashtra	119.77	42.10	80.20	99.66	199.97	141.76
12.	Manipur	0.75	5.26	7.79	19.12	8.54	24.38
13.	Meghalaya	—	—	0.74	—	0.74	—
14.	Nagaland	1.34	—	1.20	0.56	2.54	0.56
15.	Orissa	11.79	5.05	23.47	170.80	35.26	175.85
16.	Punjab	121.47	82.15	4.84	86.34	126.31	168.49
17.	Rajasthan	147.80	248.77	41.15	238.11	188.95	486.88
18.	Sikkim	0.07	—	0.09	0.54	0.16	0.54
19.	Tamil Nadu	182.42	370.03	91.44	237.30	273.86	607.33
20.	Tripura	2.26	2.84	7.39	0.80	9.65	3.64
21	Uttar Pradesh	242.93	631.14	42.06	297.03	284.99	928.17
22.	West Bengal	27.45	170.32	21.24	53.77	48.69	224.09
	Total-I	1,272.73	2,435.87	528.77	2,237.02	1,801.50	4,672.89
II.	UNION TERRITORIES						
1.	Andaman and Nicobar Islands	—	—	—	—	—	—
2.	Arunachal Pradesh	—	—	—	—	—	—
3.	Chandigarh	—	1.35	0.38	4.55	0.38	5.90
4.	Dadra and Nagar Haveli	0.32	—	—	—	0.32	—
5.	Delhi	19.91	5.71	1.17	8.97	21.08	14.68
6.	Goa, Daman and Diu	—	—	0.11	0.21	0.11	0.21
7.	Pondicherry	—	—	0.08	—	0.08	—
	Total-II	20.23	7.06	1.74	13.73	21.97	20.79
III.	MISCELLANEOUS						
1.	Departmental	—	—	14.02	—	14.02	—
2.	Other Schemes	—	—	207.44	57.66	207.44	57.66
3.	Allocable items of Expenditure/ Book adjustment	48.40	—	—	—	48.40	—
	Total III	48.40	—	221.46	57.66	269.86	57.66
	Total I+II+III	1,341.36	2,442.93	751.97	2,308.41	2,093.33	4,751.34

Statewise disbursement, production, sales, employment and earnings : 1980 81 (contd)

(Employment : Lakh persons; Other figures : Rs in lakhs)

Sr. No.	States and Union Territories	PRODUCTION Khadi	PRODUCTION Village Industries	PRODUCTION Total	SALES Khadi	SALES Village Industries	SALES Total
1	2	9	10	11	12	13	14
I.	STATES						
1.	Andhra Pradesh	700.22	2.679.49	3.379.71	555.26	2.744.80	3.300.06
2.	Assam	49.86	399.47	449.35	40.09	468.36	508.45
3.	Bihar	873.62	2.790.53	3.664.15	983.27	2.694.27	3.677.54
4.	Gujarat	841.54	3.911.84	4.753.38	885.72	3.303.41	4.189.13
5.	Haryana	160.98	1.734.79	1.895.77	203.64	1.676.47	1.880.11
6.	Himachal Pradesh	67.79	591.64	659.43	147.71	679.41	827.12
7.	Jammu and Kashmir	122.83	564.79	687.62	30.17	567.78	597.95
8.	Karnataka	618.96	2,560.92	3.179.88	371.64	2.596.78	2.968.42
9.	Kerala	228.67	1.917.51	2.146.18	291.13	2.069.73	2.360.86
10.	Madhya Pradesh	168.77	601.12	769.89	406.34	695.39	1.101.73
11.	Maharashtra	247.81	5.116.37	5.364.18	415.10	6,209.14	6.624.24
12.	Manipur	1.70	296.40	298.10	3.14	326.62	329.76
13.	Meghalaya	—	82.86	82.86	—	97.08	97.08
14.	Nagaland	1.94	22.68	24.62	11.85	23.13	34.98
15.	Orissa	39.44	694.06	733.50	50.85	787.77	838.62
16.	Punjab	486.07	1.715.23	2.201.30	258.78	1,910.72	2.169.50
17.	Rajasthan	1,138.31	2 395.88	3.534.19	836.63	2,606.35	3.442.98
18.	Sikkim	1.80	0.65	2.45	1.53	0.85	2.38
19.	Tamil Nadu	1,708.39	7.484.21	9.192.60	1.227.57	7,923.79	9.151.36
20.	Tripura	15.16	268.71	283.87	2.73	321.25	323.98
21.	Uttar Pradesh	2.565.09	8.231.32	1.0796.41	3.016.57	8.832.33	11.848.90
22.	West Bengal	638.98	732.37	1.371.35	335.47	708.03	1.043.50
	Total I	10.677.95	44.792.84	55.470.79	10.075.19	47.243.46	57.318.65
II.	UNION TERRITORIES						
1.	Andaman and Nicobar Islands	—	—	—	1.77	—	1.77
2.	Arunachal Pradesh	—	—	—	0.30	—	0.30
3.	Chandigarh	0.53	165.32	165.85	17.42	169.87	187.29
4.	Dadra and Nagar Haveli	0.76	0.29	1.05	1.73	—	1.73
5.	Delhi	5.72	63.83	69.55	462.87	74.89	537.76
6.	Goa, Daman and Diu	—	24.10	24.10	2.74	19.79	22.53
7.	Pondicherry	—	17.87	17.87	—	13.89	13.89
	Total II	7.01	271.41	278.42	486.83	278.44	765.27
III.	MISCELLANEOUS						
1.	Departmental	—	59.31	59.31	469.00	124.66	593.66
2.	Other Schemes	—	—	—	—	—	—
	Total III	—	59.31	59.31	469.00	124.66	593.66
	Total I+II+III	10.684.96	45.123.56	55.808.52	11.031.02	47.646.56	58.677.58

Statewise disbursement, production, sales, employment and earnings : 1980-81 (contd)

(Employment : Lakh persons; Other figures : Rs in lakhs)

	States and Union Territories	EMPLOYMENT			EARNINGS		
		Khadi	Village Industries	Total	Khadi	Village Industries	Total
	2	15	16	17	18	19	20
	STATES						
	Andhra Pradesh	0.52	2.08	2.60	315.41	668.71	984.12
	Assam	0.24	0.36	0.60	21.10	98.06	119.16
	Bihar	1.94	0.82	2.76	411.28	418.51	829.79
	Gujarat	0.66	0.34	1.00	556.44	400.69	957.13
	Haryana	0.16	0.35	0.51	82.16	365.81	447.97
	Himachal Pradesh	0.09	0.19	0.28	42.56	164.21	206.77
	Jammu and Kashmir	0.17	0.18	0.35	40.75	146.85	187.60
	Karnataka	0.36	0.84	1.20	277.39	436.34	713.73
	Kerala	0.22	1.29	1.51	178.11	906.45	1,084.56
	Madhya Pradesh	0.11	0.43	0.54	76.43	215.10	291.53
	Maharashtra	0.13	1.94	2.07	99.08	1,279.93	1,379.01
	Manipur	0.01	0.13	0.14	1.14	63.16	64.30
	Meghalaya	—	0.02	0.02	—	22.22	22.22
	Nagaland	x	0.02	0.02	1.83	5.96	7.79
	Orissa	0.07	1.01	1.08	21.86	236.29	258.15
	Punjab	0.53	0.33	0.86	217.22	344.73	561.95
	Rajasthan	1.08	0.56	1.64	397.69	509.61	907.30
	Sikkim	x	x	x	0.86	0.43	1.29
	Tamil Nadu	0.86	4.56	5.42	870.87	2,306.63	3,177.20
	Tripura	0.01	0.08	0.09	8.57	74.58	83.15
	Uttar Pradesh	4.53	1.68	6.21	1,395.85	1,204.00	2,599.85
	West Bengal	0.36	0.86	1.22	231.77	216.97	448.74
	Total I	12.05	18.07	30.12	5,248.07	10,085.24	15,333.31
	UNION TERRITORIES						
1.	Andaman and Nicobar Islands	x	x	x	0.10	—	0.10
2.	Arunachal Pradesh	x	x	x	0.21	—	0.21
3.	Chandigarh	x	x	x	2.26	14.94	17.20
4.	Dadra and Nagar Haveli	x	x	x	0.80	—	0.80
5.	Delhi	0.01	0.01	0.02	10.00	15.14	25.14
6.	Goa, Daman and Diu	—	0.01	0.01	—	7.06	7.06
7.	Pondicherry	—	0.01	0.01	—	5.43	5.43
	Total II	0.01	0.03	0.04	13.37	42.57	55.94
II.	MISCELLANEOUS						
1.	Departmental	—	x	x	—	5.98	5.98
2.	Other Schemes	—	—	—	—	—	—
	Total III	—	x	x	—	5.98	5.98
	Total I+II+III	12.06	18.10	30.16	5,261.44	10,133.79	15,395.23

x : Less than 500.

Number of persons trained planwise and industrywise

Sr. No.	Industry	First Plan 1953-54 to 1955-56	Second Plan 1956-57 to 1960-61	Third Plan 1961-62 to 1965-66	Annual Plans 1966-67 to 1968-69	Fourth Plan 1969-70 to 1973-74	Fifth Plan 1974-75 to 1977-78	Annual Plans 1978-79	Annual Plans 1979-80	Sixth Plan 1980-81
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
I.	Khadi	2,692	4,50.402	85.286	28,544	4,904	2,136	945	1,107	878
II.	Village Industries									
1.	Processing of cereals and pulses	146	523	1,079	479	528	257	89	91	80
2.	Ghani oil	1,128	3.152	1,696	114	146	90	453	708	193
3.	Village leather	733	1,656	1,093	482	541	359	95	120	64
4.	Cottage match	119	798	197	33	46	359	50	457	302
5.	Manufacture of canegur and khandsari	474	2.535	1,741	461	904	215	140	197	87
6.	Palmgur making and other palm products	24,796	13,951	5.460	7.868	1,314	877	3.976	1,310	1,088
7.	Non-edible oils and soap	201	1.072	586	197	247	154	103	102	72
8.	Handmade paper	104	711	855	30	153	272	51	64	74
9.	Beekeeping	448	664	726	477	1,540	742	132	367	34
10.	Village pottery	91	1,329	1,020	685	1,035	454	157	170	155
11.	Fibre	12	223	23,805	12.902	2,604	894	120	160	367
12.	Lime manufacturing	—	—	44	77	237	431	104	125	200
13.	Gobar (Methane) gas	—	—	115	53	161	817	322	170	69
14.	Carpentry and black smithy.	—	—	126	96	45	—	—	—	—
15.	Collection of forest plants and fruits for medicinal purposes.	—	—	—	14	76	17	—	—	—
16	Shellac	—	—	—	—	4	—	—	—	—
17.	Manufacture of gums and resins.	—	—	—	—	—	—	—	—	—
18.	Manufacture of katha	—	—	—	6	—	—	—	—	—
19.	Fruit and vegetable processing and preservation	—	—	—	5	17	—	—	2	5
20.	Bamboo and cane work.	—	—	—	—	—	—	—	—	—
21.	Manufacture of household aluminium utensils	—	—	—	—	6	—	—	—	—
	Total—II	28,252	26,614	38,543	23,979	9,604	5,938	5,792	4,043	2,790
	Total—I+II	30,944	4,77,016	1,23,829	52,523	14,508	8,074	6,737	5,150	3,668

Khadi and village industries: Industrywise and yearwise exports (Revised)

(1973-74 to 1980-81)

(Rupees in lakhs)

	Item	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
A.	Khadi	1.06	1.19	1.46	0.83	0.52	0.70	0.30	1.48
B.	V. I. PRODUCTS								
1.	Processing of cereals & pulses	13.42	19.61	21.54	31.04	26.80	39.64	56.38	62.46
2.	Village leather	1.80	13.91	10.21	22.02	8.32	3.36	20.09	38.22
3.	Palm fibre	19.58	26.80	18.41	27.57	23.53	32.61	40.00	26.42
4.	Handmade paper	0.27	0.17	1.60	—	—	—	4.00	8.00
5.	Match	—	—	0.60	0.80	—	—	0.81	—
6.	Fibre	—	—	0.92	1.02	—	13.00	17.00	45.00
7.	Bamboo and cane	—	—	—	—	—	—	13.00	72.00
8.	V. I. equipment								
	(i) Gobar gas	—	—	0.26	0.65	0.30	—	—	—
	(ii) Pottery	—	—	0.03	—	0.75	—	—	—
	Total	35.07	60.49	53.57	83.10	59.70	88.61	151.28	252.10
	Grand total (A+B)	36.13	61.68	55.03	83.93	60.22	89.31	151.58	253.58

Note on Sixth Five Year Plan (1980-85) relating to KVIC

1. **Role of the KVI sector:**

KVI sector is pre-eminently suited for an assault on the unemployment problem. Khadi and village industries have even earlier played a significant role in the development of the economy for the following reasons:

(i) They possess the capacity to generate employment opportunities in the rural and semi-urban areas a a relatively low capital cost. The employment opportunities are made available near the place of residence.

(ii) They are capable of developing local initiative, entrepreneurship, co-operation and a spirit of self-reliance

(iii) They ensure maximum utilisation of locally available raw materials by adopting easily adaptable techniques. In some cases, non-conventional raw materials are used, thereby converting waste into wealth.

(iv) They require less investment and gestation period and produce mass consumption goods. Thus they have an anti-inflationary effect.

(v) They possess the capacity to reach the backward, tribal, hilly and inaccessible areas.

(vi) The participation of schedule castes, scheduled tribes, women and weaker sections of society is significant.

The development of these industries has acquired even more relevance today on account of:

(i) growing population pressure in the rural areas;

(ii) rapid expansion of the labour force especially among the marginal farmers and landless agricultural labourers;

(iii) inadequate opportunities for non-agricultural work;

(iv) declining participation rate for female workers;

(v) limitations of the organised sector in absorbing the labour force;

(vi) the existence of considerable underemployment in the economy;

(vii) the need for creating employment opportunities at or near the place of residende.

2. **Objectives for the Sixth Plan:**

The objectives are:

(i) to provide support to about an additional one million out of the existing uncovered artisans so as to improve their skills and earnings;

(ii) to create additional work opportunities for about 1.3 million new entrants;

(iii) while doing so, it has to be ensured that at least 50 per cent of the total 2.3 million artisans and small entrepreneurs being planned for would comprise scheduled castes, scheduled tribes and inhabitants of hill, border and backward areas, so that the overall percentages of these categories would go up from the present level of 23 to 36;

(iv) the women in the above mentioned 2.3 million beneficiaries will be 50 per cent. This would raise their overall percentage from the present level of 45 to 47.

3. **Strategy of development:**

The programme of the KVI sector should be fully integrated with the overall rural industrialisation programme. This will involve the spelling out of the total strategy of rural industrialisation itself, of which the KVI strategy will form an integral part.

Another important plank in the new strategy is the development of horizontal linkages between the KVI programme and other cognate programme like the IRDP, TRYSEM, DIC, NREP, etc. So far as the IRDP is concerned, KVI institutions should have a definite assigned role in the matter of coverage of households in the target groups. For this purpose, there should be specific targets in favour of KVI activities. In regard

Table I : Khadi and village industries — Sixth Five Year Plan (1980-85)

I. Production	1979-80 Actual	1984-85 Target
A. Khadi		
Quantity (Million sq. metres)	82.27	165.00
Value (Rs. crores)	92.03	200.00
B. Village industries value (Rs. crores)	347.98	1,000.00
C. Total value (Rs. crores)	440.01	1,200.00
II. Employment (Lakh persons)	1979-80 Actual	1984-85 Target
A. Khadi	11.20	15.40
B. Village Industries	16.13	35.10
C. Total	27.33	50.50
III. Requirement of funds (Rs. crores)		1980-85
A. Productive capital (Capital expenditure and working capital)		
(i) Khadi		203.00
(ii) Village industries		685.85
B. Other items		
(i) Science and technology		10.00
(ii) Training		5.00
(iii) Interest subsidy on government loans		100.00
(iv) Interest subsidy on bank loans		60.00
(v) Marketing, hill and border areas, staff, building etc.		18.00
(vi) Sales rebate on khadi		93.00
Total requirement of funds		1,174 85
IV. Flow of funds (Rs. crores)		1980-85
(i) Budgetory (Ministry of R. R.) for KVI		480.00
(ii) Institutional Finance		320.00
(iii) I. R. D. Budget		100.00
Bank		200.00
Trysem		5.00
(iv) Gobar gas		30.00
(v) State plans		50.00
(vi) Internal resources of KVIC		21.00
Total		1 206.00
V. Overall position (Rs. crores)		
Folw from budgetory sources		686.00
Folw from institutional sources		520.00
Total		1,206.00

to the persons in the target groups, the final aim is to have a clear-cut demarcation of responsibilities, with subsidies being drawn from IRDP, loans mostly from institutional financing agencies and technical, training, marketing and infrastructural support from the KVI bodies.

The KVI activity, as a part of the rural industrialisation process, will have to be looked at in the context of integrated area development plans. Thus, over a period of time, there should be an integration of programmes run by different agencies at the district and block levels. The identification of opportunities and beneficiaries can be done by the DICs, IRD agencies and block staff, in collaboration with the KVI bodies and the banks.

A complete strategy would involve the following:

(i) identification of the two categories of existing artisans and potential entrants to the KVI sector;

(ii) widening of the employment base by expanding and diversifying the existing programmes and by undertaking additional programmes, particularly in areas where the need to create employment opportunities is acute and urgent;

(iii) promote and strengthen the infrastructural facilities for procurement, storage and processing of raw materials, manufacture and supply of improved tools and equipment, credit, marketing including market information, training etc., organisation of artisans for self-help i.e. to provide all infrastructure services required to strengthen the self-employment and decentralised pattern of production which is the distinguishing feature of this sector;

(iv) setting up of a strong infrastructure for research and development in appropriate technology, undertaking research and development in production and processing technology, product development diversification of raw materials and processes, designing, improvements in packaging etc., with a view to reducing the drudgery of work without reducing employment and improving the quality of product and also increasing the productivity and earnings of artisans;

(v) production and supply of improved tools and equipment;

(vi) transferring technology and transmission of higher skills by creating a training infrastructure;

(vii) providing critical and scarce raw materials;

(viii) organising production centres in areas where local entrepreneurship is not forthcoming, with the long-term objectives of transferring the centres to the artisans themselves;

(ix) organising vigorous marketing, as also ensuring that exploitation by middlemen is eliminated;

(x) rationalising the present system of rebate, subsidies and loans with special emphasis on increasing the volume of institutional finance;

(xi) processing the locally available raw materials and the easily available raw materials from outside as intermediate, semi-finished products for other industries;

(xii) giving greater attention to backward areas and deprived sections of society especially the SC/ST.

(xiii) provision of employment to educated unemployed and to marginal farmers, landless agricultural labourers and rural artisans, by providing training opportunities;

4. The targets for the Sixth Plan:

Table 1 on page 49 furnishes the details of production employment and outlay for Sixth Plan period.

**Khadi and village industries—
Production-cum-sales centres and sales depots**

(Number)

Sr. No.	States and Union Territories	Production-cum-sales centres	Sales depots
(1)	(2)	(3)	(4)
I.	**STATES**		
1.	Andhra Pradesh	484	288
2.	Assam	48	25
3.	Bihar	794	250
4.	Gujarat	495	272
5.	Haryana	445	19
6.	Himachal Pradesh	69	28
7.	Jammu and Kashmir	102	19
8.	Karnataka	601	310
9.	Kerala	278	159
10.	Madhya Pradesh	163	123
11.	Maharashtra	178	164
12.	Manipur	13	15
13.	Nagaland	—	3
14.	Orissa	107	36
15.	Punjab	417	15
16.	Rajasthan	523	351
17.	Sikkim	7	10
18.	Tamil Nadu	438	314
19.	Tripura	14	8
20.	Uttar Pradesh	1888	756
21.	West Bengal	412	192
	Total—I	7476	3357
II.	**UNION TERRITORIES**		
1.	Chandigarh	5	1
2.	Delhi	9	18
3.	Goa, Daman & Diu	1	2
	Total—II	15	21
	Total I+II	7491	3378

Public sector outlays and plan provision for KVI

(Rs in crores)

Plan period	Public Sector Outlays	Plan Provision for KVI	Funds made available for KVI	Col. 3 as% of Col. 2	Col. 4 as% of Col. 3
(1)	(2)	(3)	(4)	(5)	(6)
First Plan	1,960	15.00	11.58	0.8	77
Second Plan	4,672	83.78	78.71	1.8	94
Third Plan	8,577	92.40	86.90	1.1	94
Annual Plans 1966-67 to 1968-69	6,757	53.05	53.05	0.8	100
Fourth Plan	16,160	111.00	97.73	0.7	88
Fifth Plan	37,250	180.00@@	118.26*	0.5	66*
Annual Plans					
1978-79 to 1979-80	24,192	154.20	154.20	0.6	100
Sixth Plan	97,500	480.00	176.87@	0.5	37@

*—For Four years

@—For two years (1980-81 & 1981-82 (Provisional)

@@—Does not include provision for S & T

Khadi and village industries — Some selected indicators of progress
(1974-75 to 1980-81)

Sl. No. (1)	Items (2)	1974-75 (3)	1975-76 (4)	1976-77 (5)	1977-78 (6)	1978-79 (7)	1979-80 (8)	1980-81 (9)
I.	**Organisations (Nos.)**							
	I) State Boards	20	22	24	24	24	24	26
	ii) Institutions	700	688	628	694	739	854	945
	iii) Co-operatives	23.715	23.715	27.071	27,071	27,842	28.941	29,072
	Total-I	24,435	24,425	27,723	27,789	28,605	29,819	30,043
II.	**Government releases to KVIC** (Rs crores)							
	I) Khadi	8.24	16.50	15.00	25.20	38.75	45.50	39.00
	ii) Village Industries	4.50	4.75	6.00	9.58	17.25	24·50	26.55
	iii) Subsidy in lieu of Interest on government loans	5.23	5.83	7.26	9.47	11.32	15.27	18.44
	iv) Science and Technology	—	0.11	0.19	0.40	0.73	0.88	0.88
	Total-II	17.97	27·19	28.45	44·65	68.05	86.15	84.87
III.	**Institutional Finance** (Rs crores) (Under Interest Subsidy Scheme)	—	—	0.01	0.20	4.34	7.75	8.45
IV.	**Production**							
	(i) **Khadi**							
	Quantity (Lakh sq. mtrs)	592·18	561.13	644.74	684.12	715.05	822.74	910.09
	Value (Rs. crores)	43.28	46.73	56.03	64.89	76.54	92.03	106·85
	(ii) **Village industries :** Value (Rs. crores)	136.31	148.48	171.73	192.54	242.97	347·98	451.24
	Total KVI Value (Rs. crores)	179.59	195.21	227.76	257.43	319.51	440.01	558.09
V.	**Sales (Rs crores)**							
	i) Khadi	42.01	50.30	51.97	66.52	78.26	87.15	110.31
	II) Village Industries	133.17	151.58	174.71	190.29	242.01	358·97	476.47
	Total V	175.18	201·88	226.68	256.81	320.27	446.12	586·78
VI.	Employment (Lakh persons)							
	(a) **Khadi**							
	(i) Full time	1.10	1.90	2.06	2·39	2.53	3.41	3.95
	(ii) Part time	7.91	6.34	6.47	6.83	7.81	7.79	8.11
	Total	9.01	8.24	8.53	9.22	10.34	11.20	12.06
	(b) **Village industries :**							
	(i) Full time	1.57	1.84	2.23	3.15	5.04	5.66	6.28
	(ii) Part time	8.25	9.37	9.49	11·79	9.92	10.47	11·82
	Total	9.82	11.21	11.72	14.94	14.96	16.13	18.10
	Total-VI	18.83	19.45	20.25	24.16	25.30	27.33	30.16
VII	**Wages/Earnings** (Rs. crores)							
	(a) **Khadi**							
	(I) Full time	13.94	17.48	21.54	23.64	26.96	33.60	42.35
	(II) Part time	9.38	6.34	6.65	7.42	9.55	9.65	10.26
	Total (I)	23.32	23.82	28.19	31.06	36.51	43.25	52.61

Khadi and village industries—Some selected indicators of progress (Contd)
(1974-75 to 1980-81)

Sr. No.	Items	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(ii)	**Village industries :**	28.05	35.21	40.19	50.10	59.79	78.84	101.34
	Total-VII	51.37	59.03	68.38	81.16	96.30	122.09	153.95
VIII	**A. T. supplies** (Rs. crores)							
	(i) Khadi	1.17	2.45	2.87	2.37	4.14	3.10	4.69
	(ii) Village industries	—	—	—	—	—	—	0.25
	Total-VIII	1.17	2.45	2.87	2.37	4.14	3.10	4.94
IX.	**Export (Rs. in lakhs)**							
	(i) Khadi	1.19	1.46	0.83	0.52	0.70	0.30	1.48
	(ii) Village industries	60.49	53.57	83.10	59.70	88.61	151.28	252.10
	Total-IX	61.68	55.03	83.93	60.22	89.31	151.58	253.58
X.	Staff position (No.)	3,970	3,962	4,005	4,044	4,064	4,117	4,197
XI.	**Establishment expenditure** (Rs. crores)	4.33	4.62	4.56	4.70	4.91	5.25	5.73
XII.	**Refund & recoveries departmental receipts** (Rs. crores) (Grant & loan)							
	(i) Khadi	1.28	2.34	1.80	2.66	1.92	2.82	3.44
	(ii) Village industries	1.12	2.79	2.36	2.55	2.15	3.02	2.98
	Total XII	2.40	5.13	4.16	5.21	4.07	5.84	6.42
XIII.	**Trading operation results** Net surplus (Rs lakhs)							
	(i) Khadi	0.66	4.82	5.68	9.83	10.31	5.10	25.8
	(ii) Village Industries	2.16	1.32	2.61	6.25	8.22	16.07	24.19
	Total-XIII.	2.82	6.14	8.29	16.08	18.53	21.17	50.03
XIV.	**No. of persons trained :**							
	(i) Khadi	881	534	236	485	945	1,107	878
	(ii) Village industries	1,182	2,032	1,519	1,205	5,792	4,043	2,790
	Total-XIV	2,063	2,566	1,755	1,690	6,737	5,150	3,668
XV.	No. of persons trained under TRYSEM/IRD.	—	—	—	—	—	—	7,649

Distribution of tools and equipment

Industry	Equipment	First Plan 1953-56	Second Plan 1956-61	Third Plan 1961-66	Annual Plans 1966-69	Fourth Plan 1969-74
1	2	3	4	5	6	7
I. KHADI						
1. Cotton Khadi	1. Traditional charkhas	33,120	54,432	—	—	—
	2. Ambar charkhas	—	3,64,522	13,532	—	—
	3. 2 Spindle new model charkhas	—	—	—	—	38,490*
	4. 6 Spindle new model charkhas	—	—	—	—	31,230*
	5. 12 Spindle new model charkhas	—	—	—	—	475*
	6. Muslin charkhas	—	—	—	—	—
2. Silk Khadi	1. Reeling machines	—	—	—	—	—
	2. Spinning machines	—	—	—	—	—
	3. Looms	—	—	—	—	—
II. VILLAGE INDUSTRIES						
1. Processing of Cereals and Pulses	1. Atta chakkis	1,495	19,492	17,285	30,431	30,617
	2. Paddy chakkis	2,219	5,333	10,408	6,816	3,314
	3. Dal chakkis	—	—	—	25	164
	4. Winnowing fans	158	436	299	632	330
	5. Dhenkis	196	732	263	460	1,588
	6. Ball bearing sets	34.661	36,602	1,150	7,829	1,774
	7. Pestles and Mottars	—	—	230	182	552
	8. Qualitex paddy dehuskers	—	—	117	286	59
	9. Gear shellers	—	—	—	129	89
	10. Paddy shellers (Power)	—	—	—	—	192
	11. Rice polishers (Power)	—	—	—	12	238
	12. Phoha machines (Power)	—	—	—	—	3
	13. Bullock Driven Atta chakkis	—	—	61	2	—
	14. Power paddy dehusker	—	—	—	—	192
2. Ghani Oil	1. Improved ghanis	1.963	13,093	7,046	518	221
	2. Power ghanis	—	—	—	—	2,196
	3. Traditional ghanis	—	—	—	—	31
3. Cane gur & Khandsari	1. Kolhus or crushers					
	i) Bullock driven	1.700	11.243	10,435	2 954	3,556
	ii) Power driven	—	347	219	43	175
	iii) Hydraulic	—	—	—	—	3
	2. Centrifugals					
	i) Power driven	—	289	28	—	—
	ii) Hand driven	—	280	91	—	—
	iii) Pedal driven	48	74	—	—	—
	iv) Pans	700	6.716	3,541	—	—
	v) Percolators	59	—	—	—	—
	vi) Cube frames	83	—	—	—	—
	vii) Moulds	204	—	—	—	—
	viii) Drums	160	—	—	—	—
	ix) Others	1,800	10.754	2.333	—	—
4. Beekeeping	1. Bee boxes	25 055	2.70.328	1,20.416	52.585	86.838
	2. Honey extractors	—	—	—	1 893	2,648
	3. Comb foundation mills	—	—	—	8	19
	4. Smokers	—	—	—	494	—
	5. Honey processing plants	—	—	—	—	10
5. Village pottery	1. Wheel attachment	160	972	20	—	—
	2. New model wheels	160	1.446	1.321	605	1.321
	3. Chain driven wheels	150	224	6	—	—
	4. Mould sets	54	210	103	62	25
	5. Screw press	15	51	4	—	—
	6. Bhatti sheds	62	421	1.244	384	1.199
	7. Tile presses	—	24	20	55	1
	8. Shaila wheels	—	—	—	—	35
6. Fibre	1. Ban-making machines	—	—	6.065	—	508
	2. Batara charkhas	—	2 716	2.985	—	219
	3. Rope-making machines	—	—	—	988	47
	4. Banana scrapers	—	—	2.332	—	—
	5. Pedal spinning	—	—	498	—	—
	6. Power driven charkhas	—	—	345	—	—
	7. Kumar looms	—	—	—	—	34
	8. Raspador machines	—	—	—	—	5

Distribution of tools and equipment (contd)

Industry	Equipment	Fifth Plan	Annual Plans		Sixth Plan
		1974-75 to 1977-80	1978-79	1979-80	1980-81
1	2	3	4	5	6
I. KHADI					
1. Cotton khadi	1. Traditional charkhas	—	—	—	—
	2. Ambar charkhas	—	—	—	—
	3. 2 Spindle new model charkhas	4,350	—	—	—
	4. 6 Spindle new model charkhas	17,425	17,750	10,175	19,375
	5. 12 Spindle new model charkhas	150	—	—	—
	6. Muslin charkhas	—	1,825	3,455	3,831
2. Silk khadi	1. Reeling machines *	1,223	1,198	1,245	1,661 * upto
	2. Spinning machines *	1,820	2,012	1,992	2,074 the end
	3. Looms *	6,118	6,282	6,298	6,466 of the year
II. VILLAGE INDUSTRIES					
1. Processing of cereals and pulses	1. Atta chakkis	7,978	5,299	2,746	1,988
	2. Paddy chakkis	217	—	—	—
	3. Dal chakkis	9	—	—	—
	4. Winnowing fans	—	—	—	—
	5. Dhenkis	185	—	100	—
	6. Ball bearing sets	—	—	—	—
	7. Pestles and mortars	306	390	—	—
	8. Qualitex paddy dehuskers	—	—	—	—
	9. Gear shellers	—	—	—	—
	10. Paddy shellers (power)	14	—	—	—
	11. Rice polishers (power)	242	100	57	106
	12. Poha machines (power)	—	—	—	—
	13. Bullock driven atta chakkis	—	—	—	—
	14. Pover paddy dehusker	423	100	66	—
	15. Grader-cum-winnower	—	—	5	15
	16. Dehusker and dal attachment	—	—	—	189
2. Ghani oil	1. Improved ghanis	800	—	—	—
	2. Power ghanis	3,792	1,041	—	—
	3. Traditional ghani	—	—	—	—
3. Cane gur and khandsari	1. Kolhus or crushers	—	—	—	—
	i. Bullock driven	2,714	863	891	928
	ii. Power driven	221	239	331	353
	iii. Hydraulic	—	6	—	—
	2. Centrifugals				
	i. power driven	—	—	—	—
	ii. Hand driven	—	—	—	—
	iii. Pedal driven	—	—	—	—
	iv. Pans	—	—	—	—
	v. Percolators	—	—	—	—
	vi. Club frames	—	—	—	—
	vii. Moulds	—	—	—	—
	viii. Drums	—	—	—	—
	ix. Other	—	—	—	—
4. Beekeeping	1. Bee boxes	71,272	35,696	23,648	33,304
	2. Honey extractors	3,112	1,526	1,824	2,062
	3. Comb Foundation mills	—	—	—	—
	4. Smokers	—	—	—	—
	5. Honey processing plants	—	—	—	—
5. Village pottery	1. Wheel attachment	—	—	—	—
	2. New Model Wheels	920	1,349	1,903	2,334
	3. Chain driven Wheels	—	—	—	—
	4. Mould sets	28	137	36	165
	5. Screw Press	—	—	—	—
	6. Bhatti sheds	1,896	708	1,269	1,394
	7. Tile Presses	—	12	—	1
	8. Shaila wheels	323	112	54	186
6. Fibre	1. Ban-making machines	—	—	—	—
	2. Batara charkhas	—	—	—	—
	3. Rope-making machines	—	—	—	—
	4. Banana scrapers	—	—	—	—
	5. Pedal spinning	—	—	—	—
	6. Power driven charkhas	—	—	—	—
	7. Kumar looms	—	—	—	—
	8. Raspador machines	—	—	—	—

States having 5 per cent or more share in all-India production of khadi and village industries in 1980-81

Khadi	Processing of cereals & pulses Industry	Ghani oil	Village leather	Cottage match	Gur and khandsari	Palmgur	Non-edible oil & soap
tar Pradesh (24.01)	Maharashtra (18.80)	Bihar (19.06)	Uttar Pradesh (23.60)	Tamil Nadu (87.15)	Uttar Pradesh (42.30)	Tamil Nadu (69.22)	Tamil Nadu (31.09)
mil Nadu (15.99)	Uttar Pradesh (16.35)	Maharashtra (17.88)	Maharashtra (22.89)	Kerala (8.61)	Gujarat (23.78)	Andhra Pradesh (12.69)	Uttar Pradesh (15.37)
	Karnataka (8.89)	Karnataka (13.81)	Rajasthan (8.78)		Andhra Pradesh (5.27)		
jasthan (10.65)	Rajasthan (7.08)	Tamil Nadu (12.83)	Tamil Nadu (8.44)			West Bengal (9.36)	Gujarat (12.87)
har (8.18)	Tamil Nadu (6.39)	Rajasthan (9.91)	Punjab (7.26)				Punjab (12.57)
	West Bengal (5.54)	Andhra Pradesh (8.53)	Andhra Pradesh (5.12)				
ujarat (7.88)	Punjab (5.16)	Uttar Pradesh (6.10)					Haryana (7.69)
ndhra Pradesh (6.55)							Rajasthan (6.26)
West Bengal (5.98)							
Karnataka (5.79)							

States having 5 per cent or more share in all India production of khadi and village industries in 1980-81. (contd)

Handmade paper	Beekeeping	Village pottery	Fibre	Carpentry & blacksmithy	Lime	Gobar gas	Forest plants	Shellac
Maharashtra (25.55)	Kerala (33.33)	Maharashtra (29.62)	Kerala (35.50)	Maharashtra (16.03)	Uttar Pradesh (26.36)	Uttar Pradesh (17.59)	Madhya Pradesh (40.45)	West Bengal (67.42)
Uttar Pradesh (17.80)	Tamil Nadu (23.26)	Haryana (7.93)	Uttar Pradesh (16.00)	Uttar Pradesh (11.65)	Rajasthan (11.10)	Maharashtra (13.66)	Orissa (21.11)	Uttar Pradesh (17.42)
Tamil Nadu (14.88)	Bihar (10.21)	Uttar Pradesh (7.72)	Maharashtra (11.15)	Gujarat (10.84)	Tamil Nadu (8.94)	Haryana (12.85)	Himachal Pradesh (13.35)	Orissa (12.81)

States having 5 per cent or more share in all-India production of khadi and village industries in 1980-81 (contd)

Handmade paper	Beekeeping	Village pottery	Fibre	Carpentry & blacksmithy	Lime	Gobar gas	Forest plants	Shellac
Rajasthan (12.28)	Karnataka (10.02)	Andhra Pradesh (7.64)	Punjab (8.45)	Haryana (9.62)	Kerala (8.73)	Gujarat (12.50)	Andhra Pradesh (13.25)	
Gujarat (8.60)		Gujarat (6.37)	Orissa (7.07)	Tamil Nadu (9.15)	Karnataka (7.37)	Bihar (9.00)	Uttar Pradesh (5..85)	
		Rajasthan (5.71)	Tamil Nadu (5.97)	Punjab (9.09)	Andhra Pradesh (7.37)	Karnataka (8.68)		
				Andhra Pradesh (8.05)	West Bengal (6.38)	Tamil Nadu (6.81)		
					Meghalaya (5.03)	Punjab (6.34)		

States having 5 per cent or more share in all-India production of khadi and village industries 1980-81 (concld).

Gums & resins	Katta	Fruit & vegetable processing	Bamboo & cane	Aluminium	Polyvastra	All village industries	Khadi & village industries
Andhra Pradesh (47.63)	Himachal Pradesh (64.76)	Maharashtra (30.93)	Jammu & Kashmir (23.17)	Maharashtra (60.81)	Tamil Nadu (40.41)	Uttar Pradesh (18.24)	Uttar Pradesh (19.35)
Uttar Pradesh (28.16)	Maharashtra (15.38)	Uttar Pradesh (19.94)	Tamil Nadu (20.03)	Punjab (21.55)	Gujarat (38.03)	Tamil Nadu (16.59)	Tamil Nadu (16.47)
Himachal Pradesh (9.39)	Uttar Pradesh (14.90)	Himachal Pradesh (16.82)	Maharashtra (14.62)	Uttar Pradesh (10.22)	Maharashtra (10.49)	Maharashtra (11.34)	Maharashtra (9.61)
Maharashtra (7.78)		Karnataka (8.31)	Punjab (7.21)	Karnataka (5.21)	Rajasthan (6.27)	Gujarat (8.67)	Gujarat (8.52)
Orissa (5.98)		Kerala (6.19)	Kerala (6.76)			Bihar (6.18)	Bihar (6.57)
		Haryana (5.82)	Rajasthan (5.65)			Andhra Pradesh (5.94)	Rajasthan (6.33)
						Karnataka (5.68)	Andhra Pradesh (6.06)
						Rajasthan (5.31)	Karnataka (5.70)

LETTERS

Education for management

SIR, — Reading the article "Education for Management" by Manish Nandy, it seems to be a sharp, but unfortunately true analysis of management education. Acedemic education of to-day has its roots in the wrong ideal of broad general knowledge. The ideal says that the broader your knowledge is the better you are adapted to the dynamic changes of today's economy. So we feed our youth for years with detailed knowledge they never will need in their life. Ninety per cent of what is taught, the student does not need. And 90 per cent of what he will later need, he has not learnt.

All over the world this dilemma is felt and in many places people are trying with different approaches to find new ways out. One of the most promising developments in recent years comes from Mewes-System. Wolfgang Mews, the founder of a West-German Management school in Frankfurt, realised very early in the 1950s, that academic education in management does not guarantee success in practical business-life. Nobel prize winners of economics frankly admit that the conventional management theories cannot explain extraordinary successes in business and industry. Through analysis of thousands of careers and consultation of thousands of his students to improve their careers, Mewes found some basic laws, which constitute the success of careers. Later he found that the same laws of success are responsible for the success of businesses and firms as a whole (still later even it was discovered that the entire evolution of matter follows the same basic laws). Without concentration on one problem there is no outstanding achievement.Without specialisation there is no increased efficiency. But specialisation has to be controlled by the feed-back of the target-group. This cybernetic type of specialisation guarantees success, because it harnesses the increased efficiency, which results from specialisation and at the same time avoids the dangers of it. Because of the wrong ideal of broad general knowledge, our educational system discourages specialisation. EKS on the other side encourages a learning process that reinforces individual talents and guides the direction of specialisation through the feed-back of a specific target-group to a better integration into the larger system.

After all skills, which Manish Nandy looks for in fresh managers, are trained most efficiently on the job. But experience shows, some managers independently from intelligence and zeal learn more on the job than others in the same situation. EKS shows that they intuitively have a better strategy (strategy is the way we marshall our forces and means). EKS trains strategy and has proved that by this training a less talented man or a small business can become much more successful than their stronger competitors. The Energo-Cybenetic-Strategy (EKS) is a training system, which was developed by Mewes in Germany. It has proved there that success can be taught. But it does not teach a German Management style. EKS is the only management theory that is not limited by experiences from a specific economy. It is neither an American nor German nor Japanese approach to solve managerial problems.

Jorg Luttgan
Pune 411 004

Earn up to

14% p.a.

Lombard

Fixed Time Deposits

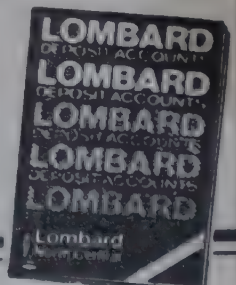
1	Year Fixed Period	14%p.a.
2	"	13%p.a.
3	"	13%p.a.
4&5	"	12%p.a.

Minimum deposit £1,000 Interest paid annually.
The rates quoted are correct at time of going to press.

These are some of the benefits of a Fixed Time Deposit with Lombard:-

- ✻ Your funds will earn a good rate of interest which is fixed for the period of deposit.
- ✻ All interest is paid without deduction of tax at source.
- ✻ Your account is confidential.
- ✻ As Exchange Control does not exist in the United Kingdom your funds can be repaid anywhere in the world in Sterling or in any other currency.
- ✻ We are part of one of the largest banking groups in the world.

Other rates are available for 1-5 years with interest paid monthly, quarterly or half-yearly and for deposits at 3 months and 6 months notice of withdrawal.
For further details of our deposit facilities and current rates, simply post the coupon today.



Lombard
North Central
Deposit Accounts

To:
LOMBARD NORTH CENTRAL LIMITED,
DEPT. 91, 17 BRUTON STREET,
LONDON W1A 3DH, ENGLAND.
Telephone: 409 3434.

NAME (BLOCK CAPITALS PLEASE)
ADDRESS

"Dept. 91"

A member of the National Westminster Bank Group
whose capital and reserves exceed £1,800,000,000.

STANROSE

ATTACHMENTS

Mix-n-match
to attract and
distract. With
Stanrose fabrics
you know how to.
'Coz we're steeped
in today's lifestyle.

For men
and for women.
Stanrose Fashions.

Suitings, shirtings,
sarees, dress materials.

STANROSE
fabrics

Standard
Mills

Mafatlal
Apparel

Surat
Cotton
Mills

everest/81/SM/343

IN THIS ISSUE

COMMENTS

Editorials

437 A beginning of banking crisis
438 Government faces up to reality
439 World's biggest river bridge in Bihar

COLUMNS

441 Editor's notebook (Vadilal Dagli)
469 As I see it: Small depositors in jeopardy (Subhash Chandra Sarker)
471 Money: Training for customer service (S. G. Shah)
475 Eastern India today: Closer links between Calcutta and Haldia (P. C. Mahanti)
481 Capital market: Need for a secondary market for non-convertible debentures (Scrutator)
488 Beyond headlines: Rural development and voluntary agencies (I. Satya Sundaram)

COVER STORY

443 Poor world's struggle to unite (Arvind Bhandari)
445 Restructuring world economy (Indira Gandhi)
448 Document: New Delhi consultations — Chairman's summary

FEATURES

25 years of Khadi & Village Industries Commission (A 60-page pull out)

436 People; The Week
Letter from Moscow: World's biggest air-
440 Letter from Moscow : World's biggest airliner is also biggest headache (Radhesyam Purohit)
455 Interview: Plea for Indian Ocean authority

South Asia Review:

457 Sri Lanka: Another serious drought
458 Pakistan: Public sector's low industrial output (B. M. Bhatia)
460 Bangladesh: Six new banks in private sector
461 India's continued assistance to Nepal (Brahmananda Mishra)
463 Sharp rise in national income (Commerce New Delhi Bureau)

Books & Ideas:

477 Contract Labour in Construction Industry (D. R. Deoras)
478 Microelectronics revolution: Implications for the Third World

SPECIAL ARTICLE

464 Davos symposium: A pioneering effort (N. K. Somani)

SPECIAL REPORTS

467 Gundu Rao in cement scandal
469 India's high credit rating in France
470 Punjab's deteriorating finances
470 Crisis in HDPE units
471 Textile exports: EEC to work against anti-surge mechanism
472 Textile industry against voluntary closure
473 Finances assured for bio-gas development
473 Infrastructure: Cabinet committee to tackle differences

COMPANIES, STOCKS & COMMODITIES

Corporate sector

479 In the market: Modi Rubber, Satsuvan Paper Mills, Sarwapriya Products, Madhva Cotton
481 Forthcoming company meetings
481 Financial analysis of operations of non-financial companies
483 Equities: Rally on second thoughts
484 Market Gossip: Costlier essentials: Price tussle in tin
485 Commodities

STATISTICS

474 Indian economy: Basic indicators (Commerce Research Bureau)

COMMERCE

Vol. 144 No 3692 MARCH 13, 1982

EDITOR: VADILAL DAGLI **ASSOCIATE EDITORS:** D.B. MAHATME; SUBHASH CHANDRA SARKER

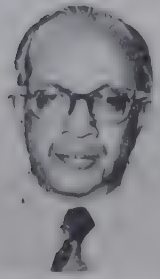
Commerce Publications Ltd, Manek Mahal, 90 Veer Nariman Road, Bombay 400 020.
Telephone: 253505, 253562, 253392

Subscription rates: Inland — Yearly Rs 200 (Students and teachers Rs 115), Half-yearly Rs 115

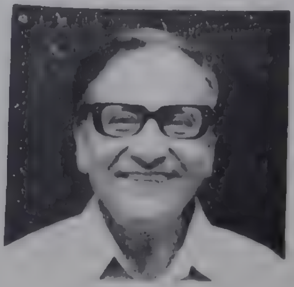
Foreign Airmail — Asia and Africa (including South-East Asian and West Asian countries) £ 37, Japan Yen 21,418, UK and Europe £ 46, USSR Rouble 71, United States US $ 117.

PEOPLE

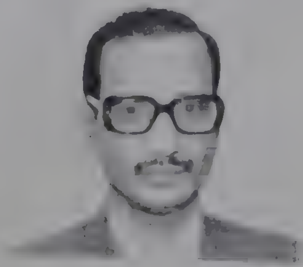
Sanjeeva Reddy



Krishnaswamy



Roy



Vishwanathan

Dr P.L. Sanjeeva Reddy, IAS, has been appointed vice-chairman and managing director of Andhra Pradeh Industrial Development Corporation. His appointment to this post comes in the wake of the distinguished work put in by him for the development of agro industries while he was the vice-chairman and managing director of A. P. State Agro Industries Development Corporation Ltd and the chairman of the National Association of Agro Industries Corporations, New Delhi.

Dr K.S. Krishnaswamy has taken over as chairman of the Indian advisory board of Grindlays Bank p.l.c. from Justice A. Alagiriswami. Dr Krishnaswamy is a professional banker with a distinguished record of service in the Reserve Bank of India from where he retired as deputy governor in March last year. He has also served in various senior capacities in the Planning Commission and the World Bank. At present he is the chairman of the NIBM review committee.

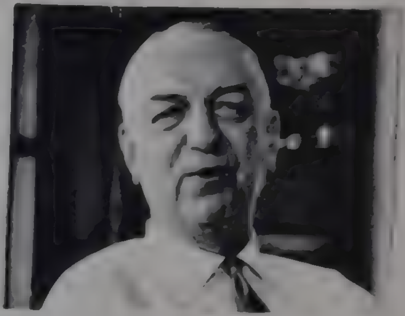
Mr K.L. Roy, who has been appointed chairman and managing director of United Bank of India, is an M.A and C.A.I.I.B. He joinded Bengal Central Bank Ltd, a constituent unit of UBI, in 1944 as a probationary officer and, after working in various positions at the head office and branches, was appointed general manager of the bank in February last year. He was also the chairman of Hindustan Mercantile Bank Ltd from August 1972 to December 1973. Mr Roy is on various committees of Reserve Bank of India.

Mr R. Viswanathan has assumed charge as general manager (planning), international division, at the central office of the State Bank of India at Bombay. He has previously worked as chief manager of overseas branch at Calcutta and as chief manager (credit) at Madras local head office of the bank. He was also the vice-principal of the bank's staff college at Hyderabad.

Mr S.K. Sehgal has been elected chairman of Plastics and Linoleums Export Promotion Council for 1981-82.

Mr M K Soman has been appointed managing director of Indian Sewing Machine Co Ltd.

DEATH



Mr Soren Kristian Toubro, cofounder of Larsen and Toubro Ltd, died in Texas, USA, on March 4, 1982. Born on February 27, 1906 Mr Toubro, together with Mr H. Holck-Larsen, founded the partnership firm of L&T in 1938, which was later converted into a public limited company in 1946. Mr Toubro, who was a qualified civil engineer from Denmark, was a director of L&T from 1946 till March 27, 1981 and of several other companies in the L&T group. He is survived by his wife, a son and a daughter.

THE WEEK

The state-owned Bharat Heavy Electricals Ltd (BHEL) will implement the country's first project for generation of electricity and steam from surplus natural gas available from Bombay High.

The first completely Indian assembled Jaguar fighter aircraft is expected to fly this month and will become operational with the Indian Airforce thereafter.

Chevron Overseas Corporation of California will sign an oil exploration agreement with the Government of India shortly. It will be awarded a contract for oil exploration in block II of the Saurashtra offshore area adjoining Bombay High.

Malaysia will import about two million tonnes of iron ore from India for its sponge iron plants which are to start production in 1984.

The railways have lowered the target for electrification of tracks from 2,800 km to 2,200 km for the Sixth Plan period.

The Indian Road Construction Corporation Ltd has signed a loan agreement for French Francs 16 million with a consortium of Indian and French banks led by the Banque Nationale de Paris, which will enable it to buy road building equipment from Creusot Loire of France.

Wholesale price index

At 277.2 the latest available wholesale price index for all commodities for the week ended February 20, 1982 showed a fall of 0.2 per cent over the preceding week. However, at this level the index showed a rise of 2.6 per cent over the year.

Money tight

Conditions in the Bombay short-term money market was tight as of Monday (March 8, 1982). In the inter-bank call money section both notified and commercial funds were renewed at ten per cent. Fresh money was transacted at ten per cent. The market closed at ten per cent.

COMMERCE

MARCH 13, 1982

A beginning of banking crisis?

THE immediate causes of bankers' worries are the penalties they face for their inability to maintain their Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR) as prescribed by the Reserve Bank of India. SLR at 35 per cent and CRR at 7.75 per cent of deposits (CRR would have gone up to 8 per cent from February 26 but it is one of the small mercies of the Reserve Bank that the date of its enforcement has been postponed to April 30) immobilises nearly 43 per cent of banks' resources: add to this some marginal adjustments on account of incremental deposit growth and working balances that banks would need to maintain and the funds in the pipeline between branches and head offices of banks: nearly half of their funds — Rs 22,000 crores are therefore not available for lending. More specifically, their SLR and CRR would need Rs 19,000 crores, but banks are short by nearly Rs 1,500 crores.

The nature of penalties they face is of three kinds. Firstly, they pay a penal rate of interest. Secondly, they lose interest on their deposits with RBI in excess of three per cent CRR. Thirdly, they are prohibited to lend anything more at all, as long as they default.

For banks, these are technical and accounting matters which do not ordinarily bother them much. Defaults in SLR were unimaginable five years ago, but they have become a common feature during the last five years. Defaults in CRR were impossible, but today they have become a reality which banks are unable to cure — due to lacuna in their own information and control systems. And this is the first cause of their worry. Violations of credit restraints have also been frequent and bankers have reconciled themselves to listen to the RBI lectures, but have always gone on merrily, again because their tools and techniques do not make it possible for them to know in advance, anticipate or control the course of advances. Credit expansion has therefore almost always outrun RBI guidelines. This by itself would not have caused them much of a worry. But in today's circumstances, it has become the second cause of their worry because default in CRR has made their position embarrassing and they have themselves been forced to devise various remedies like credit squeeze, credit freeze, curtailment of limits, restricting drawing power, maximum ceiling on drawings at the lowest peak of credit utilisation for small borrowers. If RBI were to impose such credit restraints, they often could afford to go on unconcerned: but where the logic of circumstances has forced them to submit to such means, they were helpless.

It is for this reason that for the first time in two decades, bankers took the initiative to seek a meeting with the RBI to discuss the credit policy and SLR-CRR provisions which were hurting not only their image and profitability, but also their ability to operate from day to day. The borrowers are silently suffering while bankers try to sort out their problems of resources. The worst part of this suffering is that they suffer without notice or time to rearrange their affairs. Bankers are expected to employ 40 per cent of their resources for priority sector advances. Bankers vie with one another in classifying and reclassifying their advances so as to show a higher ratio of priority sectors in general and of 20-point programme loans, and loans to scheduled castes and tribes under differential rates of 4 per cent. The priority sectors include small scale industries (SSI) and agriculture. A SSI unit can, under the current rates and definitions borrow up to lakhs or even a crore of rupees. Thus there are several large SSI units which preempt much of the priority sector credit.

Similarly, advances to agriculture are also monopolised by rich farmers who are regarded as credit-worthy by the banks and by indirect advances to institutions which assist agriculture. Banks convey to industrial and trading borrowers that it is because of their commitments to the priority sectors that they are unable to assist regular business of medium and large scale manufacturers and wholesale traders or large distribution and commission agents. But when it comes to the priority sector claimants also, the weaker and the smaller within the preferred sectors are also languishing in a queue and it is the influential industrially and politically who get along with the bankers. Those who have money or assets or connections are the real preferred sectors within the priority sectors — and the productive potential does not count. There are in fact no criteria or norms to determine what is the productive potential, how to identify, measure and value it for bank lendling purposes.

The organised industrial and business sector comes last in the list of importance, although their contribution to value added is the largest both absolutely and relatively. This is for many reasons. For years in the fifties and sixties and part of the seventies they had a large share of bank credit. There is now a socialistic policy against allowing them to rely excessively on bank credit. This is the real rationale of Tandon Committee norms and second method of lending under which the borrower is required to provide 25 per cent of current assets from long term funds and on the whole banks will provide only 35 per cent of total current assets, the balance to be brought inby the borrower, either by way of margin money or his own stake in business or through long-term funds.

These formulae were fixed under Tandon Committee norms since the middle of the seventies. At that time it was believed that in times of severe credit shortages the formulae will enable banks to ration credit reasonably. But the shortage of credit and resources is so large today that banks find themselves unable to stick even to these formulae.

Banks have plainly told the industrial and business borrowers that they should no longer rely on bank funds for their business purposes and should make their own arrangements to raise resources from the capital market on internal cash generation in the long run. Part of the problem of the borrowers is that they have not taken the banks seriously. But is is one thing to draw these long-term policy guidelines and move towards them gradually and it is another to suddenly stop operations on existing limits and drawing powers as banks have done these days. There are no official credit squeeze advices to customers. But silently, without notice, credit balances are adjusted against cash credits, ceilings on limits are placed an within such reduced limits cheques are returned. There is n principle, reasoning, or rationale that is applied in such franti credit curtailments. And neither banks, nor RBI, nor eve Government is prepared to listen to representations of chamber of commerce that production is suffering as a result of such unplanned credit cuts.

RBI and banks plead helplessness. Prices are rising and they wish to contain inflationary pressures at any cost. If borrowers cannot manage, it is their problem! Banks just say there are no resources. And everyone is back from were he started. In the meanwhile as sugar prices fall, pressures for more credit to sugar mills are mounted by the sugar industry. As funds become scarcer still, political pressures on banks mount. As strikes disrupt the cash flows, the financial tightness spreads like a wild fire, in which everyone is caught willingly or unwillingly, and most of the times unawares. The time is ripe for banks, chambers of commerce and RBI as well as Government to give a fresh thought to the entire spectrum of credit management problems, particularly when credit has become the man-made stumbling block to increase production in the Productivity Year.

Government faces up to reality

BOTH the high level committee headed by Dr A. K. Ghosh, chairman of the Bureau of Industrial Costs and Prices, and the Government of India need to be congratulated on accepting a dual pricing policy for cement as a prelude to the total decontrol of cement, which has been subjected to price and distribution controls for over 40 years. In doing so the Government has faced up to reality that a cement industry in shackles can never attain self-sufficiency, and that if the Sixth Plan target of 43 million tonnes is to be attained, the industry must be enabled to generate its own resources and attract investors to it. The system of controls had to be dismantled, though not in one step but gradually within a period of three to four years, in order that the cement industry be put on the road to health. If the cement industry had been suffering from lack of resources, working as it did on marginal costs, the consumer had also not benefited from price and distribution controls, and he had to pay a blackmarket price of three to four times of controlled price to get the scarce cement. The dual pricing system, while ensuring a fair price to the producer, can also be expected to safeguard the interests of consumer, provided of course, the cement industry behaves fairly to him. The industry must not ignore the fact that if the new experiment fails, there is no salvation for it and that it will once again come under the rigid price and distribution controls.

The new policy adopted by the government marks a departure from the Lavraj Committee's three-tier system of pricing and a switch-back to a single uniform retention price for the existing as well as new units. The new retention price fixed is Rs 320 for *pozzolana* cement and Rs 335 for the ordinary portland cement. This represents an increase of the order of Rs 80 per tonne for ordinary cement.

Uniform retention prices for old and new units to be commissioned after January 1, 1982, would appear outwardly to be unfair to the new units. But what presumably the government hopes is that the new units would benefit from the larger free sale of cement which will be permitted in their case. While for the existing plants only production in excess for 66-2/3 per cent of the installed capcity would qualify for sale in the free market, in the case of new units production in excess of 50 per cent of the installed capacity would be freely marketed.

How this works in practice will have to be watched for the new plants may not be able to reach their optimum capacity in the first four years of their operation. At the meeting with the representatives of the Cement Manufacturers' Association, the Union Minister of Industry, Mr N. D. Tiwari, has reportedly agreed to keep a close watch on the problems of new plants and, if necessary, to modify the scheme. The Minister has also reportedly responded favourably to the suggestion of the industry to consider the problem of old "sick" units and find out whether in their case the levy cement should be reduced to 50 per cent from 66-2/3 per cent of the installed capacity. What is still more pragmatic on his part is that he has agreed to evolve an escalation formula for increases in input costs. The industry has represented to the Minister that the Government should sanction half yearly, if not quarterly, escalation in the retention prices to compensate the industry for cost increases.

On the basis of the production during 1982-83 of 22 million tonnes from the existing installed capacity of 27 million tonnes, it is estimated that levy cement will amount to 17 million tonnes. An additional capacity of about 7.5 million tonnes is expected to be commissioned during 1982-83, adding another to 3 million tonnes of production. The levy cement should ke care of the government requirements — irrigation, power, fence, railways and government undertakings — as also of ose of weaker sections of society. This would leave a balance at least 5 million tonnes for free sale to which will be dded imports of about 2 million tonnes which are also to be old in the free market. According to Mr S. Krishnaswami, hairman of the Cement Manufacturers' Association, the selling rice of imported cement, which should be available for Rs 65 er bag, or Rs 30 per bag above the controlled rate, should ct as the ceiling for the price of cement in the free market.

He has not denied the possibility of prices crossing this ceiling temporarily till the flow of imported cement starts, but it is to be hoped that, by and large, he will prove right in his expectations. The industry on its part has set up an apex monitoring committee in order to ensure equitable supplies of cement to all the states on the basis of 1981 consumption, as also to fix retail prices to be charged to the ultimate consumer in the respective region. It is good that adequate publicity will be given through newspapers to the retail prices fixed by the five or six regional committees working under the guidance of the apex monitoring committee, and Mr Krishnaswami, who is also the chairman of the apex monitoring committee, has assured that complaints against erring stockists or dealers or even against cement producers will be looked into by the apex committee. This machinery could act as a check on producers (and their stockists and dealers) going astray if where necessary it takes the help of the government to even deny power and coal to the erring unit.

With all this liberalisation and partial decontrol the big question of resources for a rapid expansion of the cement industry can still remain. While the major beneficiaries of the dual pricing, namely, the old plants, can be expected to undertake expansion, this by itself may not be enough for the country to achieve self-sufficiency in cement by 1984-85, let alone undertake exports of three to four million tonnes as Mr Tiwari hopes. The Cement Manufacturers' Association had calculated that the demand would rise to 38 million tonnes by 1984-85 even on a growth rate of 8 per cent per annum, and it had also worked out that the capacity required at 80 per cent utilisation would be 48 million tonnes and at 85 per cent utilisation 45 million tonnes. An additional capacity of 20 to 22 million tonnes would have to be created going by the existing capacity of 26 million tonnes. Another 7.5 million tonnes is expected to be commissioned next year but this would still leave a big gap to be filled, involving a massive investment of about Rs 1,200 crores. Presumably, the government is keen on a rapid expansion of the cement capacity and it would have to make available financial resources through the Industrial Development Bank of India or other agencies for this purpose for the industry to fulfil the government's expectations.

World's longest river bridge in Bihar

THe world's longest, 5.575 km river bridge over the Ganga, inaugurated by the Prime Minister, Mrs Indira Gandhi, at Hajipur, near Patna in Bihar last week, will serve an important need in Bihar's underdeveloped economy by linking the region south of the river, rich in minerals, forests and industry, with the agricultural north. It also links Patna, the state's administrative and political capital more directly with towns such as Chapra, Muzaffarpur, Sitamarhi, Raxaul, Bettiah, Darbhanga and Motihari. This will improve the transport network around key areas in the state and facilitate economic development of the poverty-ridden districts of north Bihar.

The foundation of the bridge was laid in 1970 and its construction has been delayed and dogged by difficulties of a financial and technical nature. As in the case of other delayed projects, its costs rose from an estimated Rs 23.5 crores to Rs 46.5 crores because its gestation period was prolonged by four years. It was to be completed in 1978 but has actually been completed only now. The Centre sanctioned Rs 15 crores for the project; the rest had to be financed by the state out of its plan funds. Resources had to be diverted from the state's road development programme for the purpose. Other difficulties, such as erratic power and raw materials supplies, cement shortages and labour troubles also contributed to the delay in its completion.

Despite the long delay, the completion of the bridge deserves credit because of its size and complexity. The bridge consists of 45 spans of 121.065 metres each and two end spans of 63.5 metres each. The bridge has been constructed by the cantilever method with pre-cast *in-situ* box elements. It has a roadway 7.5 metres wide with two traffic lanes and a 2 metres wide footpath on each side. The foundations are designed to carry four lanes of traffic and to accomodate piers for two additional lanes. Additional passing lanes have been provided on piers — 12, 24 and 36 — where the road width is 15 metres. The piers have been designed to provide navigational clearance up to 10.7 metres in the middle of each span. The project has consumed about 105,000 tonnes of cement, 10,000 tonnes of mild steel rounds of various diameters, 6,000 tonnes of Torsteel, 3,700 tonnes of structural steel and about 2,600 tonnes of high tension cable.

The technical problems overcome in the construction of the bridge are a tribute to the undoubted skill of our engineers. The sinking of 46 foundation wells proved to be far from easy and took six years. Mild chargings had to be used on hard clay at depths of 90 to 150 feet and in some instances dewatering had to be undertaken for 10 to 15 feet. The sinking of wells in the river posed some very difficult problems. In a number of wells, layers of calcinated sand acted as obstructions and other wells developed cracks which had to be reinforced. The Mahatma Gandhi Setu bridge, as this third bridge on the Ganga in Bihar is called, will be opened to traffic on March 19. It will promote interdependence between areas north and south of the river in Bihar and act as a corrective to the state's transport disadvantage *vis-a-vis* other states. U.P. for instance, has eight bridges on the Ganga.

LETTER FROM MOSCOW

World's biggest airliner is also biggest headache

From RADHESYAM PUROHIT

EVERY year more than a hundred million people fly with "the world's biggest air-carrier", Aeroflot, the state owned airline of the Soviet Union. If an airline is the visiting card of a country, the Soviets are selling a low grade service to international pasengers with much propaganda and publicity. In fact, while travelling by the Soviet airline, the passengers are put to unnecessary trouble and hard-ship. The Soviet airport personnel are rude to passengers and make them feel like prisoners of the Soviet Union. The flight time-table is also not kept. So connecting flights to Europe from Moscow are generally missed. The stranded passengers are then transported to the nearby "Sheremetyevo Hotel", after the airport police has taken their passports. As the main luggage is stored at the airport, most passengers do not have minimum requirements for the night-like tooth-brushes and paste, shaving equipment night dresses. And the "Hotel" is only a hotel in name. The multi-storied building is like a fort-bolted and guarded from all sides.

The adventure started at Delhi's Palam airport. The Soviet aircraft took off for Moscow via Tashkent. The plane was scheduled to reach Moscow at 7 o'clock in the morning, local time. At midnight, it landed at Tashkent. No passenger disembarked here and none were expected to as the aircraft was fully booked. But after about an hour, all passengers were asked to leave the plane with their hand baggage and proceed to the airport buses waiting outside. Knowing nothing, passengers came out of the aircraft to face temperatures of minus ten degree centigrade. The ground was slippery. A few passengers lost their balance and fell with their hand luggage. After the buses halted, 170 passengers marched through snow into the spare—hall of the airport. When all the passengers entered, the doors were closed. There were no chairs or benches to sit and so after standing some time, many sat down on the bare floor. Due to tiredness, sleep and thirst children and babies started crying. No drinks, not even water was available there.

After about two hours, every passenger was asked to write down on a printed paper the amout of money and currencies he was carrying. Meanwhile, all the luggage was brought from the aircraft and every passenger was asked to open his suitcases for customs checking. Though almost everyone of the 170 passengers was in transit to some European country, the Soviets started examining individual passernger's belongings - from typewriters to toothpaste-so thoroughly, that a single passenger could get a "clear" sign only after about 20 to 30 minutes. In all there were four customs officers and none of them understood English. A Russian girl, who was shouting in English, was practically running between the four customs officers when they were examining anything writen in English. As many things are prohibited in the Soviet Union and even transit-passengers are not allowed to carry "prohibited" books, magazines or pictures, several magazines and books were confiscated on the spot. I found customs officer gazing at a pocket book "Come to War" - perhaps a cheap adventure story for light reading - and asked the girl about the contents. "Come to War", she translated and the book was confiscated. Another customs officer was holding a packet of photographs in his hand and was enjoying them very much. The owner was explaining to him that the photographs were his personal and family pictures. But owing to such detailed "examination" of the transit-passengers, the flight to Moscow was getting late. When finally the pilot of the aircraft appeared and shouted to make haste. the customs officers started working quickly.

Though all passengers were examined in Delhi, the Russians took almost seven hours to re-examine them. During this period, passengers were standing in queue orsittingonthefloor. Whenfinallythe plane took off for Moscow, it was too late to catch the connecting flights to west Europe. After landing in Moscow it was made clear that all passengers were being transferred to a "hotel" for the day and night. Again a lengthy procedure of passport checking started, which took two hours. The airport police took possession of the passports and handed over a red-card to each passenger which authorised them to stay one day at the airport-hotel without a visa.

The "Sheremetyevo Hotel" at the airport is a multi-storied building and from the outside appeared impressive. But there again it took almost two hours to get a room, as the management of the hotel was not prepared to have so many guests. A very poor lunch was served. The question of going out for some other food or drinks was ruled out as "transit passengers" are to remain exclusively in the premises of the "hotel". Soon it became known that there was no drinking water and not even mineral water was available against payment. Children of the families travelling to London were crying for milk, which was not available even for tea or coffee. The rooms were heated to almost 30 degrees temperature against minus 20 degrees outside. The windows of the rooms were sealed and bolted and could not be opened from inside. The furniture, the bed and the attached toilet would be better even in a one star hotel. On every floor of the hotel, there were guards sitting before the lifts. Thus the prestigeous "Sheremetyevo Hotel" at the Moscow airport is nothing but a prison designed to detain the transit passengers of the Soviet airline and keep them till they go out of the country. Such guests in the "hotel" have no rights and can see nothing, except the nearby airport from their room-windows. They are not even allowed to telephone any one outside the hotel.

After spending the night at the hotel, I was lucky to get the next morning's flight to Frankfurt. Now I was almost 36 hours on my way to West Germany. Fellow passengers told me that there were others in the hotel who had been there for two days, awaiting their flights to other places in West Europe. An Indian, who was travelling to London, told me in the hotel that being detained in Moscow he would have serious problems in his office and the Russians refused to certify anything. Another Indian with four children informed me that he would spend more en route by travelling with the Soviet airline than by the regular are of Air-India.

The question arises however, why the

Continued on page 466

EDITOR'S NOTEBOOK

Vadilal Dagli

I think the time has arrived to abolish the post of ambassadors for a country like India where they have become prohibitively costly to a poor economy. Ambassadors have become irrelevant because of the development of international direct telephone dialling, extensive news coverage by international dailies and periodicals and espionage satellites which super powers use regularly. They supply the information to their client states. The heads of governments travel so frequently and talk to one another on phone so regularly that the post of ambassador has become an anachronism. The question is more relevant in the context of the fact that a country which has a trade deficit of nearly Rs 5,500 crores and a country which has to make herculean efforts to tap new markets must at best have trade commissioners but not ambassadors. The question is discussed in the West also. For instance, in England they are constantly reorienting their foreign service. Many important countries send leading businessmen as ambassadors. But I understand that New Zealand has taken a bold step forward and abolished the post of High Commissioner in India and replaced it by a trade commissioner.

In India while the cost of diplomatic service has been going up considerably, its value to the nation and to the economy is going down year by year. In the seventies the cost of maintaining diplomatic missions abroad increased more than three and a half times from Rs 23 crores in 1970-71 to Rs 84 crores in 1981-82. Has this more than three and a half times increase in expenditure given any dividend in terms of increased exports? The answer is in the negative.

Our diplomatic service is patterned after the diplomatic service of the affluent nations. Most of our diplomats are quite bright but they appear more smart than businesslike. A top former ICS officer who had specialised in international economic relations once told me: "Our boys abroad are more interested in talking about non-alignment and Bandung but are just not interested in tea, coffee or iron ore or textiles which not only earn huge amounts of foreign exchange for the country but give livelihood to millions of people. We started in a wrong way. We thought we are a super power because Jawaharlal Nehru was with us. We are a third-rank country in need of numerous export outlets. But this is a matter which our diplomats just don't understand." A beginning may be made in this direction by converting the huge India House in London as India Trade Centre. We are too poor to have the luxury of political diplomacy and the social graces.

*

THERE is obvious concern in Britain over the pollution of air by lead from car exhaust fumes in the so-called high quality petrol. A well-organised campaign for stricter controls on lead pollution has now been launched in that country, and the issue is fast turning into a major political controversy. The Government is also worried because the air in Britain is polluted by an estimated 7,000 tonnes of lead a year from automobile exhaust fumes. Medical experts have argued that Children's health is affected by lead additives and there is a strong point of view that if the leaded petrol causes serious damage to children's health, then the country must go lead-free whatever the financial costs involved. Lead can cause not only behavioural disorders and impair sight but also it can hamper a child's mental development. The British Government would appear to have decided that not more than 0.15 gm of lead per litre of petrol can be added by the end of 1985 as against the present limit of 0.4 gm of lead per litre. The EEC regulations provide that not more than 0.4 gm of lead per litre and no less than 0.15 gm could be added to petrol.

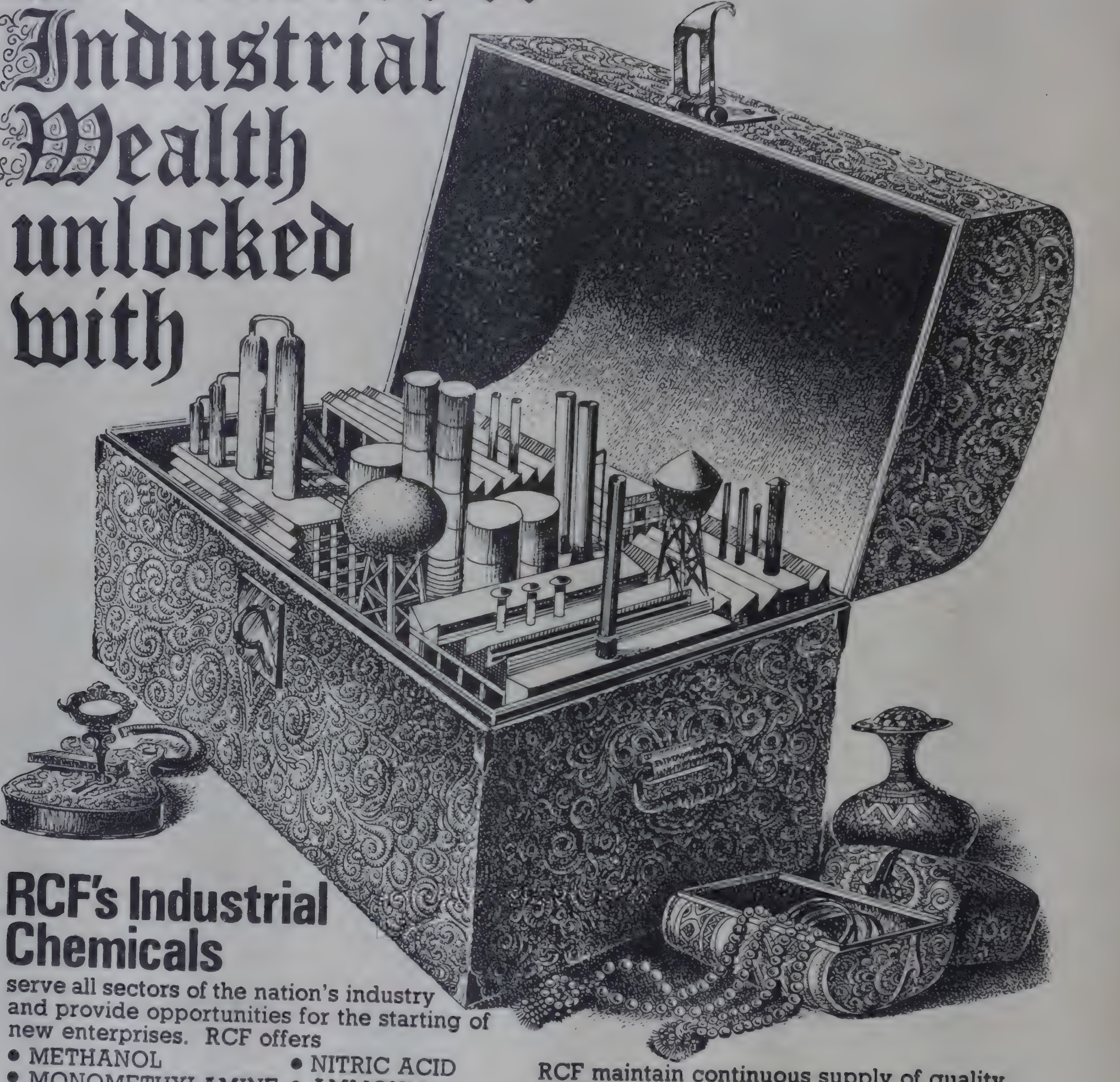
The US realised the pollution danger much earlier and reduced maximum lead levels some years ago. Its newer cars run on unleaded fuel. Fortunately, because possibly of our cars of old models, our refineries do not add lead to 95 per cent of their petrol output. We are satisfied with what is called lead-free 83 octane petrol. The refineries do produce some 5 per cent of leaded 93 octane containing lead of 0.4 cc per gallon and this oil is used mainly for imported cars in such cities as Bombay, Calcutta and Delhi.

*

THE West German government of Helmut Schmidt is now facing its worst crisis of existence because the two top ministers, Mr Otto Lambsdorff, Economics Minister,and Mr Hans Matthofer, Finance Minister, are facing the specific charges of corruption. The state prosecutors announced on February 26, 1982 that they are investigating the complaint that these two ministers gave tax concessions to Friedrich Flick Co. of Dusseldorf which in turn gave campaign contributions to the ministers. It is rather surprising that this should have happened in West Germany where almost the entire election campaigns of the parties are financed from state exchequer. Political parties are however permitted to accept donations. It is alleged that the two ministers accepted election campaign contribution after they granted tax concessions on about $ 672 million of Flick investments. The tax concession was in regard to capital gains which Flick Company had by selling their holdings in Daimler Benz.

*

THE news coverage of the Central Budget which the Finance Minister presented on February 27 was both amateurish and misleading. The Government of India spends tens of crores of rupees on publicity. But it has not employed competent persons to make reliable summaries of the budget for broadcast. What was the deficit in the budget — was it Rs 1700 crores or Rs 1077 crores? I understand that a member of Parliament had taken up the question of AIR coverage of the Budget. AIR should develop an economic service not only in English but in different regional languages so that state budgets also are covered competently. The time has also arrived to consider whether the speech of the Finance Minister should not be broadcast. It may be broadcast simultaneously from Parliament House, as he reads it to Members of Parliament, to the people. The speech of the Prime Minister on August 15 and that of the President on the Republic Day are broadcast not only in English and Hindi but in all regional languages. These speeches are strings of cliches and hardly anyone is interested except for the exalted speakers. The entire country is interested in the budget proposals and if they are broadcast in English, Hindi and other regional languages, AIR would be performing useful and educational service.



A treasure of Industrial Wealth unlocked with

RCF's Industrial Chemicals

serve all sectors of the nation's industry and provide opportunities for the starting of new enterprises. RCF offers

- METHANOL
- MONOMETHYLAMINE
- DIMETHYLAMINE
- TRIMETHYLAMINE
- SULPHURIC ACID
- SODIUM NITRITE
- SODIUM NITRATE
- AMMONIUM BICARBONATE
- AMMONIUM NITRATE SOLUTION
- CALCIUM CARBONATE • GYPSUM
- HYDROFLUOSILICIC ACID
- NITRIC ACID
- AMMONIA
- UREA (T.G.)
- ARGON
- DIMETHYL ETHER
- CARBON DIOXIDE
- CARBON SLURRY

RCF maintain continuous supply of quality products.

Rashtriya Chemicals & Fertilizers Ltd.
(A Government of India Undertaking)
Industrial Products Divison
Marvali, Chembur, Bombay 400 074.
PHONE NO.: 521451/528681

DART 201

RCF dedicated to growth of Agriculture & Industry.

COVER STORY

Poor world's struggle to unite

By ARVIND BHANDARI

THE outcome of the recently-concluded 44-nation South-South conclave annot be described as a major advance owards the twin objective of evolving a unified strategy of the developing countries to get the grounded North-South global negotiations moving and translating South-South cooperation into reality.

The idea of the three-day conference was mooted with the purpose of formulating a set of proposals which would be submitted to the more comprehensive body of the developing countries at New York called the Group of 77. A scrutiny of the "summing-up" of the New Delhi consultations shows that there is hardly anything in it which could merit description as a set of proposals.

Pessimism seems to have crept in the beginning only, for at some point at the preparatory stage the word "conference" was dropped and replaced by the less ambitious "consultations". It was also clear from the bureaucratic-level representation of the participating countries that the meeting had really no mandate to take major decisions. In keeping with this low-key approach, it was also announced mid-way that it would be an agenda-less affair, although, India, organiser of the meeting, did initially propose an agenda.

The New Delhi consultations have proved once again how difficult it is to achieve unity in a conglomerate of countries differing in political perception, geographical location, natural resources and the level of economic development. Nonetheless, nothing is ever entirely infructuous. It can be said that the consultations have served some purpose inasmuch as these have enabled the participating countries to have a better understanding of one another's viewpoint and position.

Apart from the difficulties arising from the disparate composition of the Third World, there were two more retarding factors; lack of adequate homework and hypocrisy. India should have — and could have given the lead in coming out with well-thought-out specific proposals. Instead, as is evident from the "10-point plan" contained in the inaugural address of the Prime Minister of India, New Delhi chose to operate at the level of generalities.

As for hypocrisy, one towering example should suffice. Not once did the oil-importing developing countries have the guts to tell their oil-exporting brethren that South-South cooperation would remain devoid of meaningful content unless one part of South (the oil exporting developing countries) ceases to blackmail the other part of South (oil-importing developing countries). At the penultimate stage the chairman of the conference, Mr G. Parthasarathi, made a peripheral reference to the question when he talked of "lack of adequate progress in lightening the burden" of oil-importing countries. But in the summing-up document, released after the conference, this observation was dropped.

The work of the conference was assigned to two committees, one for evolving a strategy for global negotiations on North-South issues and the other for South-South cooperation. Since the summing-up is much an insubstantial document, it is axiomatic that the two committees more or less drew a blank.

No consensus

The committee on North-South negotiations could not evolve a consensus on the strategy to be adopted towards the North. Thus its deliberations have been of no help to the Group of 77, which is due to pick up the thread of North-South global negotiations on the resumption of the 36th session of the United Nations General Assembly on March 16.

The main issue that is dividing the US-led North and the South is whether the specialised agencies of the United Nations — like the World Bank, IMF and GATT — should come under the purview of negotiations to establish a new international economic order. While the North says "no", the South says "yes". But behind this "yes" is only a contrived unity. The approaches of the oil-exporting countries and oil-importing countries of the South on how to deal with the North betray a divergence. The oil-haves of the South would not like to burn their bridges with the North, which is not only the major consumer of oil but also the repository of petro-dollars as these are stacked in American and European banks. Saudi Arabia absented itself from the conference. Kuwait, which was present, often struck a discordant note in the committee meetings. Again, countries like Brazil, which have run up a huge debt with the industrialised North, have a natural tendency to soft-pedal their confrontation.

In regard to the less substantive point of contention between the North and the South as to what should be the status of the UN confeence that would follow if the global negotiations get going, the New Delhi consultations showed that the South has a measure of unity. It was the unanimous view of the participants that global negotiations should be launched in accordance with Resolution 34/138 of the UN General Assembly which was adopted in 1979. According to this resolution, there is to be only one conference to work out the modalities of the New International Economic Order (NIEO). The United States and its allies insist that the conference that would come into being should be regarded as a preparatory meeting. At the New Delhi consultations it was resolved to be "firm and flexible", firm in the South's commitment to the UN resolution and flexible in approach and strategy.

Significant landmark

The work of the other committee on South-South cooperation also lacked solidity. The participants lauded the comprehensive Programme of Action agreed to at Caracas in May 1981 as a significant landmark in the history of ECDC (economic cooperation among developing countries). They recalled the policy guidelines given by the Sixth Non-aligned Summit at Havana in 1979. They appreciated the strategic value of South-

South cooperation in strengthening the South's negotiating power with the North. But beyond such platitudinous and nostalgic outpourings, and despite the admission that implementation of the agreed programmes had not been impressive, "the conviction was expressed that the ideas which emerged in the course of the New Delhi consultations would be examined appropriately by the Group of 77 for possible action." So the buck was passed, more or less.

While some delegations felt that the lack of progress was due to an inadequate implementation machinery, others were of the view that the Caracas Programme of Action provided adequate implementation mechanisms. It was noted that the Group of 77 Account for ECDC had become operational in New York. Some countries, however, had not yet announced their contributions. The core Group of Assistants to the Chairman of Group of 77 in New York was in the process of being established. This would facilitate implementation of ECDC programmes. It was recommended that there should be a high-level national authority in each developing country for ECDC.

Multilateral financing facility

India proposed the setting up of a multilateral financing facility on the basis of voluntary contributions by interested developing countries to undertake feasibility studies and provide technical consultancy services to developing countries. It was suggested that India should convene a meeting of experts from interested developing countries to formulate a precise and detailed scheme for presentation to the Group of 77 "for examination and decision." Tanzania suggested a South-South financing institution to promote joint ventures among developing countries. The proposal is to be presented to the Inter-governmental Coordination Committee for ECDC, which is scheduled to meet in Manila in August this year. Regarding a global system of trade preferences among developing countries, it was agreed that efforts should be made to launch negotiations during this year itself.

In regard to cooperation in the field of food, it was agreed that developing countries should be classified into different groups in accordance with their endowments and needs and with an eye on complementarity. A small agricultural coordinating group is to be set up to work out details of collaborative projects as envisaged in the Caracas Programme of Action. One obstacle to speedy implementation of programmes of cooperation in the field of science and technology was lack of institutional mechanism. Therefore, the Non-Aligned Centre for Science and Technology, which was being set up shortly in India, would go a long way to fill this lacuna.

Regarding energy, the South-South cooperation committee had nothing more to say except make the following observation: "Cooperation is of crucial importance as regards security of energy supplies to the oil importing countries, assistance to them in their efforts to develop their indigenous energy sources as well as in the alleviation of their burden." What practical shape this high-minded affirmation would take, when and how, was not spelt out.

The least developed countries (LDCs) deserved special consideration in the context of ECDC. It was necessary to implement the Substantial New Programme of Action adopted at the United Nations Conference on the Least Developed Countries held in Paris in September 1981.

Participants reviewed the set of measures aimed at the establishment of an international food security system which would ensure adequate food reserves in food-deficit countries. It was also once again agreed that there was necessity for an international wheat trade agreement for the stability of supplies and prices. It was noted that uptil now a few steps had been taken on the food front, prominent among them being the establishment of the food facility by IMF.

Critical problem

Participants reiterated that energy was the most critical problem and that there was need for an institutional mechanism to assist the needy countries. The establishment of an energy affiliate of the World Bank would serve this purpose. Also useful would be regional cooperation on the lines of the San Jose agreement. Further, early establishment of modalities to finance the development of new and renewable sources of energy through effective implementation of the Nairobi Plan of Action was called for.

In regard to trade, two sets of issues were reviewed, one relating to the progress of the Integrated Programme of Commodities and the Common Fund an the other concerning trade barriers an increased protectionism. It was pointe out that if more developing countrie did not join the Common Fund ther was the danger that the initial decision would be unduly influenced by the developed countries who had already ratified the Articles of Agreement. Again, the terms of trade of the developing countrie were deteriorating and it was necessary to establish new commodity agreements under the Integrated Programme for Commodities. The question of a compensatory financing facility, in addition to IMF, also needed to be reviewed. As for protectionism, traditional barriers were being supplemented by newer and more subtle non-tariff barriers. Administrative measures, "managed trade" and allocation of markets were becoming the order of the day. The steady erosion of the concept of Generalised System of Preferences for developing countries and the offensive mounted by the developed countries through "graduation" and "reciprocity" represented extremely negative trends.

The forthcoming UNCTAD VI and the GATT ministerial meeting should be utilised to secure a more equitable pattern of trade relations. The GATT meeting should concentrate on the unfinished work of the Tokyo Round and focus on issues like "safeguards", better surveillance machinery, "transparency" etc.

On the question of financial flows the need to ensure concessional finance was emphasised. Under-replenishment of IDA-VI was deplored. Continuance of this trend to IDA-VII could jeopardise the very existence of this institution. It was also necessary to guard against interference in the grab of stricter conditionality and outmoded concepts like "graduation" at the World Bank. Further, the tendency of some developed countries to lay undue emphasis on private flows on a bilateral basis should be opposed.

Participants were convinced that the problem of developing countries on a long-term basis could only be tackled through re-structuring and reform of the international monetary system in accordance with the goals and objectives of the New International Economic Order. In this regard, the objectives and measures elaborated by the Group of 77 at Belgrade in 1979 were reiterated.

Restructuring world economy*

y INDIRA GANDHI

OF major importance in restructuring the world economy are the efforts of developing countries to forge collective self-reliance. Arusha was a landmark where President Nyerere's contribution was significant. There, three years ago was drawn up a programme for the collective self-reliance of developing countries and a framework for their negotiations with the developed countries. The Arusha spirit has not lost its validity. Cooperation among ourselves is an essential part of, and an instrument for, the building of a New International Economic Order based on justice and equality. This is inescapable for the world to sustain high and stable growth rates of income, output, employment and trade and also to ensure equitable distribution of the benefits of accelerated growth.

We have travelled a long way from Arusha to Caracas, where we were able to agree on a machinery for coordination, monitoring, follow-up and evaluation for the effective implementation of our programme of cooperation. Greater effort has to be made to concretise programmes. Existing machinery must be strengthened and new and innovative mechanisms devised.

The very nature of the problems of the world economy demands cooperation between the North and the South. Economic cooperation among developing countries cannot possibly relieve the industrialised countries of their responsibilities and commitment towards developing countries.

We are all deeply concerned at the visible deterioration in the global economy even in this short period of four months since the Cancun Summit. Unchecked, this disturbing trend can have disastrous consequences for humankind. One has only to imagine the effects of prolonged and mounting unemployment, inflation and interest rates. Major developed countries continue to raise walls of protectionism. Concessional assistance is fast diminishing. Even well established institutions, like the IDA are in deep trouble. Developing countries, trying desperately to increase their export earnings, are the principal victims. They are the ones who suffer the most from the decisions of the few who dominate the world.

This is the background for our deliberations on certain basic issues. We cannot remain silent spectators and must jointly exert ourselves to arrest this decline. We have a common obligation to assess what contribution is possible to resolve issues of immediate importance as well as those of medium and long-term relevance. This was the reason for my initiative in holding these Consultations. I should like you all, distinguished delegates, to convey my appreciation to your respective Heads of States and Governments for their sympathetic response.

Interdependence

Given the will for cooperation, there is no dearth of opportunities for organising and broadening interdependence on the basis of mutual interests and benefits. Progress in the developing countries will help to rejuvenate the stagnating economies of industrialised countries. In turn, improvement in the economies of the industrialised world offers better prospects for our own development. Interdependence is the rationale of the dialogue and cooperation between North and South. It is unfortunate that we lose this perspective and get bogged down on formulations, and debates over procedural matters. In spite of differing perceptions of existing international institutions, a consensus was reached in Cancun on the desirability of launching Global Negotiations. My suggestion there to act with a sense of urgency was accepted unanimously. The timing and content of Global Negotiations are crucial. They should, of necessity, be wide-ranging and cover all major areas. Subsequent developments are disappointing. But let us not despair. There is resistance in some quarters, but hopeful elements in others. As policy makers in your Governments, I am sure you will recognise the importance of focussing on points of substance. Our action, or absence of it, today will influence the course of international economic cooperation tomorrow.

The critical problems which confront developing countries brook no delay. They have been identified and possible solutions have been discussed. This meeting can, therefore, straightaway look into urgent measures for food security, financial flows and energy. A broad international consensus on the strategy to increase food production in developing countries has recently been reflected in the decisions of several international forums. Addressing the Food and Agricultural Organisation last November, I urged immediate and purposeful action by each one of us in this vital area. Requisite exportable surpluses must be generated in food exporting developing countries to meet the demands of the food-deficient ones through joint ventures which use the surplus capital and technical know-how of developing countries.

Oil-importing countries

A determined effort has also to be made to help oil-importing developing countries to explore and exploit their own energy resources as well as through regional cooperation for energy. Programmes, particularly for the short term, encompassing all developing countries in various geographic regions have to be worked out and additional resources found to help them tide over the energy crisis. The World Bank seems merely to be reallocating limited resources among various sectors, when what it should be doing is to expand its energy lending through additional funds.

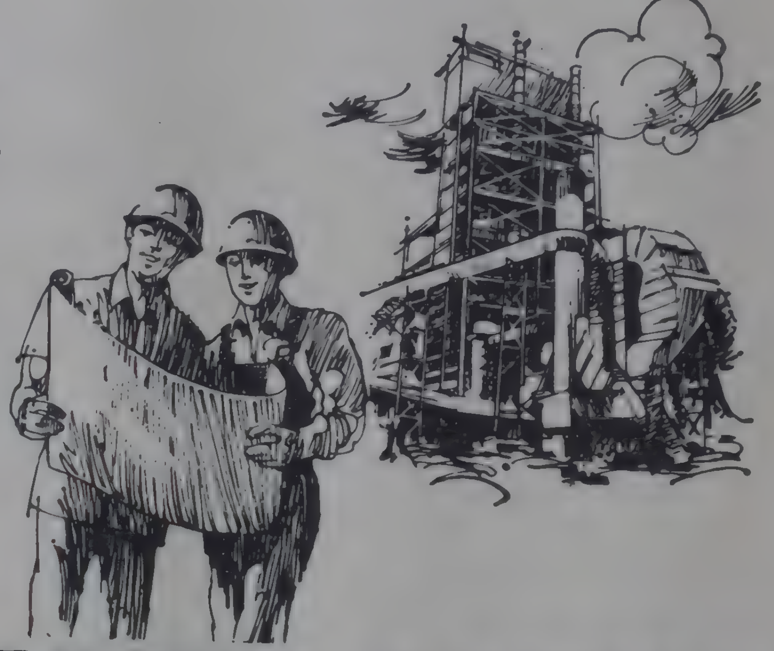
The climate for developmental aid has worsened sharply, accentuating the problems of many oil importing developing countries. This drift is dangerous. It implies unacceptably low rates of growth and jeopardizes their capability to finance their energy and food development programmes. This can only deepen the global

---

* *From the address by Mrs Indira Gandhi, Prime Minister of India, at the inauguration of the South-South Conference in New Delhi on February 22, 1982. Subheadings have been provided.*

Cement and allied projects built on matchless experience and expertise

- A turnkey clinker-grinding and cement-bagging plant for KUWAIT CEMENT COMPANY, Kuwait
- A turnkey cement project for GOVERNMENT OF IRAQ
- Geological prospecting in Afghanistan for FULLER COMPANY, USA
- A turnkey 1000 tonnes/day copper ore concentrator plant for HINDUSTAN COPPER LIMITED at Rakha, Bihar
- Supervision of equipment erection and start-up operations for CEMENT CORPORATION OF INDIA, at Bokajan, Assam
- Supply, erection and commissioning of calcining equipment for TRAVANCORE TITANIUM PRODUCTS, Kerala
- Technical know-how, services for operation and maintenance of YANBU CEMENT COMPANY'S plant at Yanbu, Saudi Arabia



ACC CONSULTANCY SERVICES

ACC. No.1 in cement. Over 45 years of experience. Keeps pace with the world's advanced technology, introduces it in India to increase production.

ACC. First to install the precalcinator (MFC) technology in India. Now ready to share this know-how to boost the country's cement production.

ACC. Operates 18 plants country-wide, each one a productive centre. Overcomes operating variables of inputs and external constraints.

ACC. Offers this matchless experience to cement entrepreneurs at home and abroad. A wide range of consultancy services: concept, preliminary surveys, machinery design, instrumentation, erection work, training of personnel to operate the plant, start-up; or a complete turnkey project.

Consult ACC even before your cement project reaches the drawing board. We'd like you to take advantage of our experience and expertise of over 45 years.

Share our wealth of experience

ACC

THE ASSOCIATED CEMENT COMPANIES LTD.
Consultancy and Expansion Division
Express Towers, 6th Floor, Nariman Point, Bombay 400021
Telephone: 232429 Gram: ACCFABRIK

Shilpi ACC 11A/81

conomic crisis. We urge all countries o adhere to the basic rationale of the .D.A. Any one country's action disegarding this well-considered pattern hould not become an excuse for others o follow regressive policies. The severe lebt problems of developing countries re aggravated by high interest rates, and all for immediate and sympathetic conideration.

These developments run counter to the consensus arrived at in the International Development Strategy for the Third United Nations Development Decade for the progressive liberalisation of the operations of International Financing and Trading Institutions. Such trends must be resisted. In fact, all those who believe in the philosophy of development cooperation must redouble their efforts and contribute according to their capacities. Multilateral institutions like the World Bank and the International Monetary Fund have played an important role. When developing countries already have a low growth rate and are compelled to make structural adjustments in order to overcome balance of payments problems, they need flexible responses from the IMF. The usual short-term stabilization programmes will not suffice in this new situation. The sooner we abandon outmoded and irrelevant concepts, and prepare for a vastly expanded programme of assistance, the better it will be for the adjustment process, which otherwise would cripple many economies.

Honouring international commitments

Many developing countries have made tremendous sacrifices to struggle up to their present levels of development. External resources have helped in this but a great deal has been achieved through the mobilisation of domestic resources. When the economies of developing countries are being subjected to such strong pressures, assistance from developed countries is vital to maintain the pace of development. I sincerely hope that the commitments undertaken by the international community at the United Nations Conference on Least Developed Countries, will be fully implemented. Reinforcing existing multilateral financial institutions is essential. But what do we see? The movement is in the opposite direction. We seem to be retreating to the era when development assistance was one of the instruments for furthering narrow national interests. It would be tragic and wasteful if the larger perspective of international cooperation is replaced by ideas which have previously proved unsuitable.

The resolution on Policy Guidelines to Reinforce Collective Self-Reliance among developing countries, which was adopted by the Non-aligned Summit in Havana, was a significant stage in the process of economic cooperation among developing countries. It set in motion a chain of decisions and activities. The most notable were those according priority to supplies of essential raw materials and food by developing countries which are surplus to those that are deficient and the working out of arrangements regarding a global system of trade preferences among developing countries and preferential treatment in regard to the flow of technology among developing countries. Many of us have taken the steps necessary to implement these guidelines. Speaking for India, I might mention that wherever possible we have shared our surplus food resources with other developing countries, we have augmented our scientific and technological cooperation with other developing countries and have a preferential investment policy for investments from capital surplus developing countries. But we find that two and a half years later and nine months after the adoption of the comprehensive Caracas Programme of Action, the implementation of some of these recommendations is wholly inadequate. Technical cooperation amongst developing countries should be an essential component of Economic Cooperation amongst Developing Countries. Capital-surplus countries must be persuaded to assist those especially in need, and recipient countries in turn ensure favourable treatment to investments from developing countries which have surplus capital.

Modalities for optimal benefit

We should all evolve modalities for optimal benefit and examine how bilateral action could be usefully supplemented by sub-regional, regional and inter-regional arrangements. These require detailed preparations, consultations and negotiations. To make our cooperation more meaningful and oriented to results, mechanism to finance ECDC (Economic Cooperation among Developing Countries) programmes and to provide greater technical support must be expedited. The various chapters of the Group of 77 in key capitals will probably need much more support to fulfil their tasks satisfactorily. Specific projects of cooperation, as indicated in the Caracas Programme of Action, can be formulated through closer and more frequent contacts. Indeed, we have no alternative but to turn such Economic Cooperation into a vast movement involving Governments as also peoples of the developing countries, especially leaders of business, commerce, industry as well as scientists, intellectuals, writers and journalists.

Together, developing countries command vast markets. They have a large reservoir of human resources, technical skills and manufacturing capacities, and now some of them even have substantial financial resources to reduce their dependence on external aid which certain groups in affluent countries regard as charity.

A suggested course of action

Distinguished delegates, your agenda is heavy and deals with issues concerning the functioning, indeed the survival, of a viable system of global economic cooperation. Once again I should like to underline some points for consideration to make international cooperation more efficacious:

a) Agreement of the immediate launching of Global Negotiations.
b) Increased food production in developing countries.
c) Reversal of the present disturbing trend in the flow of assistance, particularly concessional assistance, from developed to developing countries.
d) Strengthening multilateral cooperation.
e) Devising mechanisms to finance the development of energy resources in developing countries.
f) Speedy adoption and implementation of schemes, including regional arrangements to lighten the financial burden of increased oil prices and to ensure supplies of oil to developing countries.
g) Provision of financial support for balance of payments problems in the transitional stage of oil importing developing countries.
h) Reversing protectionist trends.
and, above all,
i) Development of solidarity and collective self-reliance of developing countries to reduce their vulnerability to pressures from and events in, affluent countries.

DOCUMENT

New Delhi consultations-Chairman's summary

AT the invitation of the Government of India, senior representatives of 44 developing countries met in New Delhi from February 22-24, 1982 to take stock of the present situation in regard to North-South issues and opportunities and perspectives for South-South cooperation.

2. The consultations coincided with the presentation of the Third World Prize to His Excellency Julius K. Nyerere, President of Tanzania, by Mrs Indira Gandhi, Prime Minister of India. Tributes were paid to his sagacity, vision and devotion to the cause of the developing countries.

3. The New Delhi Consultations were inaugurated by the Prime Minister of India, Mrs Indira Gandhi. She pointed out the main factors leading to the grave deterioration in the global economy such as, mounting unemployment, high inflation and interest-rates, increasing protectionism, worsening of the terms of trade of many developing countries and of the climate of developmental aid as well as the increasing debt burden of the developing countries.

India's submission to conference

4. In this context, the Prime Minister of India underlined the following points for consideration to make international cooperation more efficacious:—

"(a) Agreement on the immediate launching of Global Negotiations.
(b) Increased food production in developing countries.
(c) Reversal of the present disturbing trend in the flow of assistance, particularly concessional assistance, from developed to developing countries.
(d) Strengthening multilateral cooperation.
(e) Devising mechanism to finance the development of energy resources in developing countries.
(f) Speedy adoption and implementation of schemes, including regional arrangements, to lighten the financial burden of increased oil prices and to ensure supplies of oil to developing countries.
(g) Provision of financial support for balance of payments problems in the transitional stage of oil importing developing countries
(h) Reversing protectionist trends and, above all,
(i) Development of the solidarity and collective self-reliance of developing countries to reduce their vulnerability to pressures from and events in affluent countries."

5. The Chairman of the Group of 77 in New York, Ambassador Bedjaoui addressed the participants. He stressed the interrelationship between universal prosperity and durable peace and the need for global dialogue and negotiations. He pointed out that the success achieved by the Group of 77 in convincing a great number of developed countries of the historical necessity of Global Negotiations and in securing their support was a major political gain which needed to be consolidated. He called for organised action and well thought out efforts for forging collective self-reliance.

6. in his message to New Delhi Consultations, the Secretary-General of the United Nations observed that its convening was a very useful initiative and a most timely endeavour to further the current development dialogue.

Exchanges — frank and constructive

7. The informal exchange of views in the course of the New Delhi Consultations was characterised by a frank and constructive spirit and enabled the participants to focus attention on the challenge posed by the complex issues facing the international community in the field of international economic cooperation. Realising the need for an indepth review of the present situation, they explored ways and means to carry forward the North-South dialogue and to intensify and accelerate the pace of South-South cooperation.

8. The participants were guided in their deliberations by the principles, goals, and objectives of the developing countries in their quest for the establishment of the New International Economic Order. Their commitment to multilateral economic cooperation for the accelerated development of developing countries and for the resolution of the world economic crisis was firmly reiterated. The need for concerted and intensified effort for bringing the Least Developed Countries into the mainstream of development was stressed. In this connection, the urgent need for full and timely implementation of the substantial New Programme of Action, adopted in the United Natio Conference on the Least Develope Countries, held in Paris in Septembe 1981, was emphasized.

Countries participating

Algeria, Argentina, Bangladesh, Brazil, Burundi, China, Colombia, Cuba, D.P.R. Korea, Ecuador, Egypt, Ghana, Guyana, India, Indonesia, Iran, Iraq, Ivory Coast, Kenya, Kuwait, Madagascar, Malaysia, Mexico, Morocco, Nepal, Nicaragua, Nigeria, Pakistan, Peru, Philippines, Republic of Korea, Romania, Senegal, Socialist Republic of Vietnam, Sri Lanka, Tanzania, Trinidad and Tobago, Tunisia, United Arab Emirates, Uruguay, Venezuela, Yugoslavia, Zaire and Zambia.

9. The participants emphasized th importance of South-South Cooperatio and its role in promoting individual ar collective self-reliance of developin countries. At the same time, they rea firmed that such cooperation could nc be a substitute for North-South economi cooperation, nor relieve the industrialise countries of their responsibilities an commitments towards the developin nations.

1. NORTH-SOUTH ISSUES

(i) Global Negotiations

10. The participants had a comprehen sive and constructive exchange of view on the current situation in regard to th launching of Global Negotiations. It wa the unanimous conviction of the partic pants that Global Negotiations as enun ciated in Resolution 34/138 of the Genera Assembly remained the most importan and far-reaching endeavour of the inter national community for multilatera economic cooperation. Various text which had been proposed were consider ed. Immediate action to break the dead lock on the launching of the Globa Negotiations was considered imperative. The developing countries were the wors victims of the continuing impasse in North-South negotiations as the burden of adjustment had been shifted to them. Time was, therefore, of the essence.

11. It was regretted that too much time had been lost since the U.N. Genera Assembly called for these negotiations in 1979. The persisting lack of agreement on procedures, agenda and time-frame

---

* The first two subheadings have been added — Ed.

betrayed an absence of the requisite political will on the part of some developed countries. It was equally regrettable that the protracted and, so far, inconclusive preparations for the launching of Global Negotiations had held up progress in other forums dealing with North-South issues. Consensus was reached at Cancun in October 1981, on the desirability of launching the Global Negotiations with a sense of urgency. The dialogue has since been resumed in New York but the agreement has not yet been reached.

12. The adoption of a short enabling resolution was considered the optimal way of launching these negotiations. Participants agreed that renewed efforts were required in this direction in view of the resumption of the 36th Session of the General Assembly on 16th March 1982. Participants reiterated that a political understanding which allows the Global Negotiations to be launched should constitute the main objective at this stage. It was emphasised that the Group of 77 should remain firm and flexible — firm in its commitments to the basic objectives of Global Negotiations as contained in Resolution 34/138 and flexible in its approach and strategy. The importance of the Group of 77 maintaining a unified position was clearly recognised and the determination to work for the early launching of Global Negotiations was reaffirmed. It was also felt that the Group of 77 should start preparatory work on substantive issues for the Global Negotiations.

13. The participants recalled that Resolution 34/138 had specified that Global Negotiations should not involve any interruption of, or have any adverse effect upon the negotiations in other U.N. forums, but should reinforce and draw upon them. They, therefore, were agreed that efforts should be made concurrently to achieve progress in areas of critical importance to developing countries, such as food, energy, financial flows and trade in the forthcoming conference or meetings of specialised agencies.

14. It was suggested that the Group of 77 should work out a concerted strategy in the entire system of the United Nations. The need for synchronizing positions of the Group of 77 on issues dealt with in the context of the Global Negotiations and in the specialised bodies, particularly those of a technical nature such as the GATT, the IMF and the World Bank, was stressed.

15. It was considered that the agenda submitted by the host country identified a number of important fields where action required was both urgent and feasible. In this context, the participants agreed that appropriate initiatives should be taken early by developing countries for the augmentation of food and energy resources in developing countries, where broad consensus existed between North and South, concessional financial flows and for trade liberalisation.

(ii) Food

16. A detailed assessment of the world food situation was presented by lead speakers and several participants underlined the chronic malaise of hunger and malnutrition which affected millions in many developing countries, particularly in the least developed among them. The internal and external factors that came in the way of an effective crusade against hunger were analysed, special attention being paid to the negative effects of certain international trade practices on the food situation of many developing countries. The use of food supply as a political weapon was strongly denounced.

17. The long term goals and objectives as contained in the international development strategy for the third U.N. development decade with particular reference to the target for agricultural production in developing countries with a view to achieving the objective of eradication of hunger and malnutrition by the end of the century were endorsed and it was suggested that these should be followed up by appropriate public policies.

18 Different areas of short, medium and long term action in respect of international economic cooperation for development were identified.

19. The whole set of measures aimed at the establishment of a viable framework of international food security, including adoption of regional schemes, was reviewed, stressing its principal components such as adequate levels of food reserves, reflecting the growing needs of food deficit countries; the necessity of agreeing upon an international wheat trade agreement for stability of supplies and prices; and sufficient financial support for the various food security assistance schemes. It was pointed out that what was needed in these spheres was a constant updating of measures and actions that had already been agreed upon rather than the formulation of new ones of an overlapping character.

20. The situation faced by food importing developing countries was examined, and it was felt that their difficulties in financing food imports required determined efforts to overcome the handicaps. Although some steps had been taken recently, the prominent among them being the establishment of the food facility by the IMF, the gap between the available resources and their requirement, especially of low income food deficit country, was still wide and needed to be narrowed further if the situation was not to be allowed to deteriorate. Attention was also drawn to the desirability of a global strategy for food security.

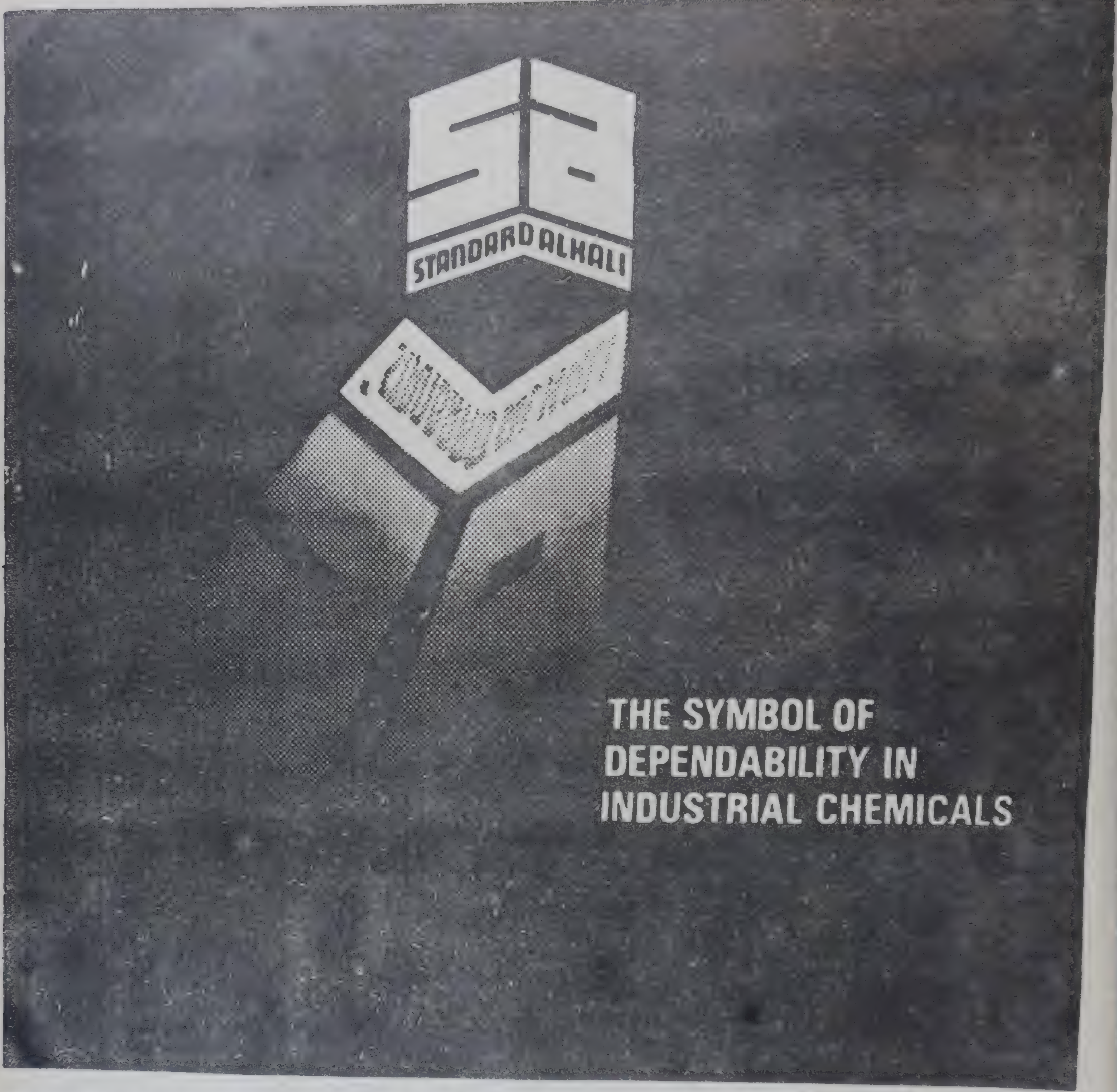
21. The crucial importance of national policies and actions in increasing agricultural production and achieving food self sufficiency was emphasised. Adoption and full implementation of national food sector strategies aimed at self reliance in food and encompassing all aspects such as promotion of research, utilisation of land and water resources, input supplies, credit, marketing, prices and distribution in an integrated manner were considered an important part of the effort to accelerate agricultural growth.

22. The perspectives of agricultural development in developing countries were discussed and the view emerged that in the long run there was no better solution to the world food problem than vigorous and sustained follow-up of measures and recommendations that had already been evolved and incorporated in the international development strategy and the Caracas plan of action. The factors that would facilitate putting these measures and recommendations into effect including those relating to technical and financial assistance were highlighted.

(iii) Energy

23. The participants recognised that energy posed one of the most critical problems to many developing countries. The interlinkage between energy and issues in other fields of international economic relations was stressed. International assistance was vital to assist them develop and expand their indigenous energy resources through financial and technical flows, particularly from multilateral development and financial institutions. Urgent measures in this regard were essential to enable energy importing developing countries to tide over the current crisis.

24. In this context, the World Bank's present level of resources for energy



STANDARD ALKALI

Products on tap from Standard Alkali—Hydrochloric Acid, Caustic Soda, Caustic Potash, Potassium Carbonate, Chlorine, Carbon Tetrachloride and Chloroform.

For over a decade, Standard Alkali's products have been known for their superior quality and competitive prices.

Our customer list includes just about every important name in the industry today.

Coming to think of it, Standard Alkali has become synonymous with dependability.

STANDARD ALKALI

Chemicals Division, The Standard Mills Co. Ltd.,
Mafatlal Centre, Nariman Point, Bombay-400 021.
Tel: 231823—Telex: MGMC IN 11 4240-4241—Telegram: Standchlo

PRESSMAN

lending was inadequate and had to be enlarged through raising the overall lending without diversion of existing resources from other sectors. In addition, the establishment of an appropriate institution such as the Energy Affiliate of the World Bank, acquired overriding importance. Such an institution should have a rational decision-making structure. Other possibilities were also examined. Substantially expanded and additional lending by other multilateral development and financial institutions in the energy sector was also imperative. These actions could be usefully supplemented by regional cooperation such as the San Jose agreement.

25. The early establishment of modalities to finance the development of new and renewable sources of energy, particularly in developing countries, through effective implementation of the Nairobi Programme of Action, was also called for.

26. There was today wide international consensus on development of energy resources as a key programme area of the 1980's. At the Cancun Summit, the participating developed and developing countries had recognised the need for urgent action in this area. Participants of the New Delhi Consultations agreed that the developed countries must be persuaded to concertize arrangements urgently for the allocation of substantial and adequate financial and technical resources to developing countries and recommended that developing countries take early suitable and collective initiatives to achieve this objective.

(iv) Trade

27. Two sets of issues were reviewed: one relating to the progress with regard to the Integrated Programme of Commodities and the Common Fund, and the other relating to trade barriers and increased protectionism. The need for concerted action by developing countries in both these areas was strongly stressed.

28. The delay in establishment of the Common Fund was underlined and in this context the urgency for more developing countries to sign and ratify the Common Fund was stressed. It was highlighted that if more developing countries do not join the Common Fund soon, there is the danger that the initial decisions will be unduly influenced by these developed countries who have already ratified the Articles of Agreement.

29. In the field of commodity agreements, a clear retrogression in the attitudes of developed countries is evident. The deteriorating terms of trade are causing serious dislocation to the economies of the developing countries and hampering their efforts to expand and diversify their exports. The argument from developed countries that these agreements hamper the market mechanism is again being heard often. It was reiterated strongly that there is urgent need to establish new commodity agreements under the Integrated Programme for Commodities. New common initiatives by developing countries in this regard are essential. The question of compensatory financing also requires a review and improvement, in order to secure a mechanism additional to the existing IMF facility.

30. Participants were greatly concerned over the deterioration in the world trade climate, and the increasing protectionism practised by developed countries which is reaching alarming proportions. Traditional forms of protectionism are being supplemented by newer and more subtle non-tariff barriers. Administrative measures, "managed trade", allocation of market shares, are increasingly becoming the order of the day. The steady erosion of the instrument and concept of the Generalised System of Preferences for developing countries and the offensives mounted by the developed countries through the so-called concepts of "graduation" and "reciprocity" represent extremely negative trends which need to be reversed.

31. The universal concept of special, differential and more favourable treatment to developing countries, as embodied in Part IV of the GATT, has not found adequate reflection in the post-MTN developments. New mechanisms are being devised by developed countries to thwart and offset even the modest gains that had been negotiated.

32. The participants felt that coordinated and cohesive efforts by developing countries were required to tackle these problems. Moreover, symmetrical positions of the developing countries on these issues in different forums were necessary. Recommendations by participants included the following:—

- the forthcoming UNCTAD VI and the GATT Ministerial Meeting should be utilised optimally to secure agreements designed to promote an equitable pattern of trade relations, keeping in view the relevant targets and objectives set by the international community in this sphere, and the goals and objectives of the NIEO.
- The primary focus of the forthcoming GATT Ministerial Meeting should be unfinished work of the Tokyo Round and should be based on the "work programme" agreed to. The priorities should include such items as apid forward movement on the subject of "safeguards", better surveillance machinery, "transparency", etc. Inclusion of new items for discussion at the GATT Ministerial Meeting may result in dilution of the attention that the unfinished work of the Tokyo Round deserves. Developing countries should ensure that their concerns are adequately reflected in the Agenda of the Ministerial Meeting of GATT, including a close examination of the very framework of GATT.
- UNCTAD VI should be enabled to address all key areas in a productive manner.
- Political initiatives and urgent, intensive and coordinated consultations among developing countries were required to prepare comprehensively for UNCTAD VI and the GATT Ministerial Meeting of November 1982.

(v) Financial flows

33. Participants deplored the sharp deterioration in the climate for developmental aid, accentuating the severe economic problems of the developing countries, and the aggravation of their already serious debt problem brought about by high interest rates.

34. They were deeply disturbed that at this critical juncture the very basis and rationale of multilateral development institutions such as the IDA were being threatened.

35. The poor performance on the part of many developed countries in the IDA as also the increasingly political orientation of such flows, was a cause for deep concern.

36. The participants called for renewed commitment to multilateral development assistance, particularly the IDA, on the part of a developed country whose policies are endangering the effective functioning of the IDA.

37. The sixth replenishment of the IDA represented a crucial test. Any weakening of its capacity through non-fulfilment of

commitments or a stretch-out of its time frame and a dilution of agreed programmes, would seriously undetermine the very process of multilateral economic cooperation for development.

38. The situation called for vigorous efforts on the part of donor countries to maintain and strengthen the effectiveness of IDA, consistent with the agreed goals and objectives of the international development strategy.

39. The need for prompt replenishment of the IDA at progressively increasing levels in real terms to ensure the requisite concessional assistance to developing countries, and IDCs in particular, was also underlined. A delay in the replenishment of IDA-VII could jeopardise the very existence and frame work of these institutions.

40. The participants felt that a concerted and coordinated effort needed to be mounted by developing countries through initiatives at a high political level to resist such developments and to secure understanding at political levels in the concerned donor countries. The developing countries should, in fact, monitor developments in the international financial and development institutions on a regular basis, coordinating their efforts annually.

41. The need for strengthening regional development banks in both the quantity and quality of their flows was also stressed.

42. Participants recognised that expanded financial flows on concessional terms were particularly urgent for such areas of critical importance to developing countries, the least developed countries, in particular as food and energy.

43. Other trends in multilateral financial development institutions which called for vigilance on the part of developing countries and firm resistance at all levels were-(i) the tendency towards stricter conditionality; (ii) out-moded concepts of graduation in the World Bank, as also in other sectors of North-South relations, aiming to divide the developing world and threatening the foundations of multilateral institutions; (iii) efforts by some to lay undue emphasis on private financial flows and through bilateral channels.

44. The participants were convinced that private flows could not substitute public flows for developmental assistance to developing countries.

45. Participants were convinced that the problem of developing countries on a long-term basis could only be tackled through re-structuring and reform of the international monetary system in accordance with the goals and objectives of the New International Economic Order. In this regard, the objectives and measures elaborated by the Group of 77 in 1979 at Belgrade were reiterated.

II. OPPORTUNITIES AND PERSPECTIVES FOR SOUTH-SOUTH COOPERATION

46. Participants of the New Delhi Consultations lauded the comprehensive Programme of Action agreed to at Caracas in May, 1981, for cooperation in the areas of food, energy, trade, finance, raw materials, industry, technology and technical cooperation among developing countries as a significant landmark in the history of ECDC. They recalled the policy guidelines given by the Sixth Non-aligned Summit at Havana in 1979 for reinforcing the collective self-reliance of developing countries as representing a major step in the evolution of ECDC. The strategic value of South-South cooperation in the strengthening of the South's negotiating power with the North was particularly stressed.

47. However, the success and adequacy of efforts of developing countries at forging links of cooperation among themselves could be measured only by concrete implementation of the agreed programmes and decisions. While some progress had been made in this regard, a vast amount remained to be done.

48. The participants, therefore, felt that greater political will would be required to accelerate the pace of cooperation among developing countries. In particular, more frequent and wide-ranging contacts among the leaders of business, commerce,industry as well as scientists, intellectuals, writers and journalists in the developing countries were necessary.

49. Several measures to stimulate action and facilitate the speedier implementation of agreed programmes were explored. These ranged from measures designed to operationalize and strengthen the present mechanisms available for implementations, the setting up of machinery for technical support for ECDC programmes, to possibilities of specific initiatives for the financing of technical cooperation activities envisaged in the Caracas Programme. The conviction was expressed that the ideas which emerged in the course of the New Delhi Consultations would be examined appropriately by the Group of 77 for possible action.

(i) Mechanisms

50. While some delegations felt that the lack of progress was due to an inadequate implementation machinery and lack of proper financing arrangements, others were of the view that the Caracas Programme of Action provided adequate implementation mechanisms, that these deserved to be tested before any revision was considered and that these should be made operational as soon as possible.

51. The participants welcomed the fact that the Group of 77 Account for ECDC had become operational in New York. They, however, noted that some countries had not yet announced their contributions and expressed the hope that the Account would soon receive the full participation and support of the Group of 77 members.

52. The core Group of Assistance to the Chairman of Group of 77 in New York was in the process of being established. The participants felt that this would considerably facilitate the planning and cooperation of the implementation of ECDC programmes.

53. Satisfaction was expressed with the scheduling of ten technical meetings in the fields of finance, science and technology, food and agriculture, new and renewable sources of energy, trade, industrial manpower training, technical cooperation and the first meeting of the Inter-governmental Follow-up and Coordination Committee in the coming months. This would make a significant contribution to the implementation of the Caracas Programme

54. The view was expressed that there should be greater commitment at the political level on the part of all developing countries to the promotion of ECDC programmes and activities. The establishment of a high level national authority in each developing country for ECDC was strongly recommended.

(ii) Finance

55. A proposal was made regarding the setting up of a Multilateral Financing Facility on the basis of voluntary contributions by interested developing countries to undertake feasibility studies and

provide technical consultancy services to developing countries. It was agreed that the proposal was interesting, constructive and important and deserved to be examined in greater depth. It was also felt that the proposal should be elaborated further and considered by the Group of 77 as a whole. It was accordingly agreed that India would convene a meeting of experts open to interested developing countries to formulate a precise and detailed scheme for presentation to the Group of 77 for examination and decision.

56. A suggestion was made for a South-South financing institution, organised on business lines and involving a decision making structure for investment based on joint ventures in developing countries. The hope was expressed that this proposal will be elaborated and presented to the Inter-governmental Coordination Committee for ECDC which is scheduled to meet in Manila in August this year.

(iii) Trade

57. The meeting stressed that the Global System of Trade Preferences was one of the key elements in the efforts of the developing countries in promoting collective self-reliance. Considering the complicated and complex nature of the issues involved in GSTP, some progress had been made. It was noted that it is only during actual negotiations that concerns of individual countries could be taken care of, and it was agreed that efforts should be made to launch the negotiations during this year itself.

58. Views were expressed with regard to the problems of the least developed countries and geographically disadvantaged countries. In this context, it was stressed that special consideration be given to the needs of such countries in the areas of international trade.

(iv) Food

59. It was stressed that concrete measures should be considered to make full use of potential production capacities of developing countries through appropriate technical assistance programmes and the setting up of joint ventures.

60. The developing countries could organise themselves in this vital area by developing a matrix for agricultural self-reliance and food self-sufficiency and food security among themselves based on the four major parameters, namely, need, potential, technology and capital. Developing countries could be classified into different groups based on their endowments and needs and with an eye on complimentarity. This will facilitate beneficial collaboration based on mutuality of interest and an interlocking of capacities and needs.

61. To this end, a suggestion was made to set up a small agricultural coordinating group with experts drawn from the various regions. This group could be entrusted with the task of working out further details of this matrix with a view to formulating joint ventures and collaborative projects envisaged within the Caracas Programme of Action.

(v) Science and Technology

62. It was recalled that the Vienna Programme of Action had laid the foundation of extensive cooperation among developing countries in the field of science and technology. The Caracas High Level Conference on Economic Cooperation Among Developing Countries had built on this foundation and formulated comprehensive recommendations for forging cooperation in this area of critical importance to them. Speedy implementation of the programmes agreed to at Caracas and in international bodies in this field would greatly contribute to the strengthening of the individual and collective self-reliance of the developing countries. One obstacle to speedy implementation was lack of institutional mechanisms. In this connection, it was noted that the Non-Aligned Centre for Science and Technology, which was being set up shortly in India, would go a long way in fulfilling the need for an institutional framework for the Caracas Programme of Action by serving as a clearing house for information and experiences in the field of technology.

63. It was stressed that all developing countries could benefit from the facilities available in the many advanced scientific and technological institutions in several developing countries. These institutions could facilitate not only cooperation in technological innovation and research in advanced and new technology, but also improve the position of the developing countries in regard to technology transfers. The principles governing South-South cooperation in this field included equitable benefits to all participants and in particular to the least developed countries through preferential treatment.

64. Developing countries should also make concerted efforts for a mature financing system for science and technology negotiations which were shortly to be held in the United Nations.

(vi) Energy

65. The participants recognised that cooperation in the field of energy was an important component of the collective self-reliance of developing countries. Such cooperation, as regards security of energy supplies to the oil importing developing countries, assistance to them in their efforts in development of their indigenous energy resources, as well as in the alleviation of their financial burden, was of crucial importance. It was recalled that some decisions had been taken and recommendations made to this end in the Caracas Programme of Action. Implementation of some of these had already begun and greater efforts were required in this regard.

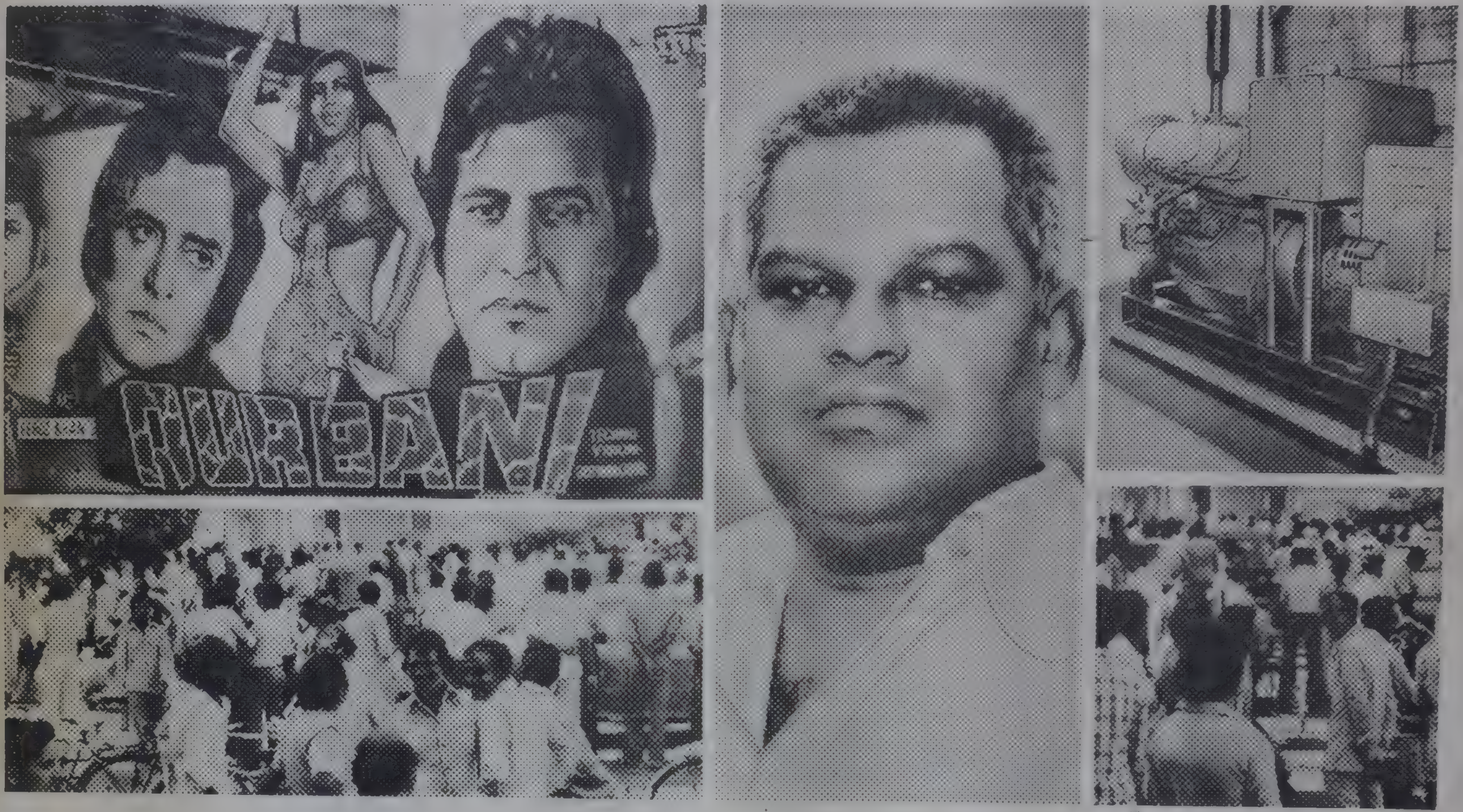
66. The need to promote collaboration for the wider use of new and renewable sources of energy in the developing countries was also stressed.

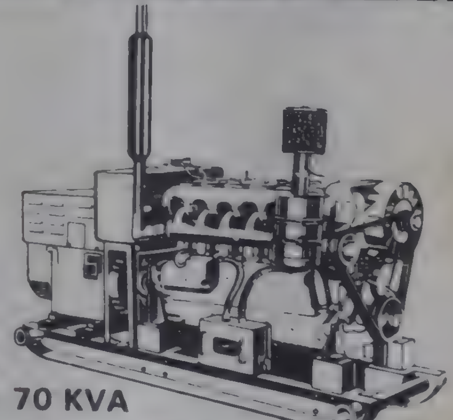
(vii) Mutual benefit LDCs

67. Views were also expressed regarding the desirability of ensuring mutuality of interest and benefit to all countries in ECDC programmes. In this connection, it was stressed that among developing countries, special consideration should be given to the problems faced by the least developed countries to enable them to participate more effectively in and benefit from ECDC activities. The international community should take urgent support measures for full and timely implementation of the Substantial New Programme of Action adopted in the United Nations Conference on the Least Developed Countries held in Paris in September 1981 for the decade of the eighties. The importance of regional and sub-regional cooperation was also emphasised.

(viii) Conclusion

68. All participants reaffirmed their conviction that combined and concerted efforts by the developing countries on the issues identified above will facilitate the achieving of maximum progress in building up their collective self-reliance. They regarded the New Delhi Consultations as a positive and constructive contribution to the endeavours of the developing countries to bring about the New International Economic Order and to the realisation of the ideal of one World.





Power flicks off for 10 minutes and a theatre gets ripped to pieces

"It sounds dreadful, but it's true," says Mr. V. Srinivasan Rao, Manager of Prashant Cinema Hall, Hyderabad.

"Ours is a cinema theatre accommodating a thousand people. For every show our gross collection amounts to Rs 2926/-.

Imagine the chaos if power failed, bang in the middle of a movie like Qurbani ... You know the moment when Zeenie sings 'aap jaisa koi mere zindagi mein aaye... The crowd would go crazy with fury. They'd rip up our theatre causing us a colossal loss ... not to mention the refund they'd demand.

That's why when we built our theatre 6 years ago, we installed a Kirloskar genset. Today it's a must for all theatres. Even film distributors first check if we have a genset and then release the film to us.

We're happy we took a cue from other Kirloskar genset users in Hyderabad. Our Kirloskar genset has proved excellent with service to match. Thanks to the mechanic who comes regularly to give it a general check up."

Need we say more?

Kirloskar

KIRLOSKAR ENGINEERING PRIVATE LIMITED

Range: 2.5 to 70 KVA

For poultry industries, hotels, hospitals and manufacturing industries

Call on us or write to us today

Please send me your quotation and literature on Kirloskar Gensets:

Genset required .... KVA/KW

Company name ____________

Address ____________

____

Mail to Kirloskar Engineering Private Limited
15/16, Kaka Halwai Industrial Estate
Parvati, Pune 411 009 (India)
Phone: 440621, 445663 ● Telex: 0145-260

PRATIBHA 81-308

Plea for Indian Ocean Authority

BOMBAY

THE visiting Minister for Education of Mauritius, Mr Kher Jagatsingh, has suggested that an Indian Ocean Authority should be set up to free this area from superpower rivalry. He said that both the United States and the Soviet Union were very active in this area and it is time that the 45 littoral states came together to control the traffic in the Indian ocean, as also to exploit its resources. He said that the newly created authority could have an organisation like International Air Transport Association (IATA) to control the traffic in the sea lanes. Everybody should have the freedom to navigate, and he would expect that even China would come together with all the other littoral states of Indian Ocean in the setting up of this authority. As far as the exploitation of the resources was concerned, he thought the future of the world would depend to a large extent on the exploitation and development of the resources, especially mineral and sea-food resources. He had also an idea to set up an oceanographic institute in Mauritius in which France and India could cooperate.

During his visit to New Delhi, Mr Kher Jagatsingh who is also secretary-general of the ruling Labour Party in Mauritius met Mrs Indira Gandhi, and the Minister for External Affairs, Mr P.V. Narasimha Rao. He had discussions with them on further strengthening of relations between the two countries. Mr Jagatsingh said the attention of his country was now focussed on the coming general elections in June. The major problem in Mauritius was unemployment with some 40,000 youngsters or nine per cent of a total population 9,60,000 without jobs. Equally important was political stability and his party, namely, the Mauritius Labour Party, which is the largest political party in the country and one of the oldest in the Third World will make employment creation and political stability as the main planks of its election manifesto.

The economy too was just now sluggish as a result of world recession and high oil prices. The weather conditions had not been so favourable during the last few years but this year the country had a good sugarcane crop and this would strengthen the economy as the sugar industry was the economy's mainstay. Under the LOME Convention, the European Economic Community bought 500,000 tonnes of sugar from Mauritius at a price of £200 per tonne. The average sugar production was 650,000 tonnes out of which 50,000 to 60,000 tonnes were consumed domestically and the rest sold to Europe, Canada and other places. In 1982, however, the expected production was 700,000 tonnes.

The last general elections saw the Mauritius Labour Party win only 28 seats but it entered into a coalition with PMSD (Partie Maurician Social Democratic), who had captured eight seats, to form the government. Singly, the MMM (Mauritian Militant Movement) had obtained 34 seats and this party is expected to provide the main opposition to the Mauritian Labour Party.

Mr Kher Jagatsingh, Minister for Education of Mauritius, with the Prime Minister, Mrs Indira Gandhi, when he called on her in New Delhi.

Mr Kher Jagatsingh said that MMM styled itself as a Marxist Party but was funded by the Gulf countries, especially Libya. He said that the Mauritius Government had issued a warning to Libya not to interfere in the internal affairs through funding of political parties, other organisations, or otherwise. He said that the people of Mauritius were now very much alive to the dangers of communism and Muslim Fundamentalism. And this is why his own party had a much better chance in the June elections to the country's parliament (Legislative Assembly). He cited an instance of Libya seeking to influence the people and organisations already built up. The present Prime Minister, Sir Seewoosagur Ramgoolam, had set up an organisation named Sammelan Samaj, which wanted recently to have a new building. Libya gave Rs 10,000 through MMM and, at the opening of the new building of the temple these MMM people invited the ambassador of Libya to cut the ribbon. The people resented very much that Sir Seewoosagur and other dignitories who had helped in the organisation and growth of the Samaj were not invited and they boycotted the function. Only six people were present and the programme had to be cancelled.

SAHYADRI DYESTUFFS & CHEMICALS offer Intermediates and Dyestuffs

MALACRYL DYESTUFFS

ranging from Yellow to Black

for added confidence in dyeing and printing on acrylic fibres

- high colour value
- good build-up
- good solubility

INK BLUE

BASIC DYESTUFFS

- Auramine O
- Malachite Green
- Methyl Violet 2B
- Rhodamine B

PURIFIED BASES

- Rhodamine B
- Methyl Violet 2B

ALCOHOL SOLUBLES

- Auramine OF
- Rhodamine B

INTERMEDIATES

- N, N-Dimethylaniline
- Diethyl meta amino phenol
- Resorcinol

SAHYADRI DYESTUFFS & CHEMICALS
DIVISION OF MAFATLAL INDUSTRIES LIMITED
Mafatlal Centre, Nariman Point, Bombay 400 021 (INDIA)
Tel.: 232822 Telex: 11 4240 MGMC IN Cable: SAHARVIND

PAKISTAN
NEPAL
INDIA
BURMA
BANGLADESH
SRI LANKA
MALDIVE ISLANDS

SOUTH ASIA REVIEW

SRI LANKA

Another serious drought

By Clarence Fernando

COLOMBO

SRI LANKA, which suffered the worst drought of this century in 1980, is in the grip of another serious drought with inevitable big losses in food and cash crops and countrywide power cuts.

The drought, now in its third month and described by weathermen here as more disastrous than the one the country experienced in 1980, has already destroyed large areas of food crops, including rice, the country's staple food, and also affected the production of its three main export crops — tea, rubber and coconut which together earn about 70 per cent of the country's foreign exchange.

One of the harshest effects of the drought, which is not expected to end until the monsoon rains arrive about the middle of May, is that it has killed Sri Lanka's hopes to be self-sufficient in rice this year. Sri Lanka had planned to be self-sufficient in rice this year for the first time in over 236 years. Prospects of achieving this goal were so bright that when the country renegotiated a 1952 barter agreement under which Sri Lanka sells rubber to China in exchange for rice, Sri Lanka did not commit itself to buying any rice in 1982. It was the first time in 30 years that Sri Lanka was trying to meet domestic demands without depending on other countries.

But when the 1982 protocol of the 30 year old rubber-rice barter agreement was signed in Peking last December, Sri Lanka, acting with "over abundance of caution", as the Trade and Shipping Minister, Mr Lalith Athulathmudali, said, left the door open for rubber purchases from China in the event of an unexpected crop failure. In 1982 Sri Lanka will buy 36 million US dollars worth of base oil and waxes from China in the three years begining in 1982, although it will not be buying any rice. Also for the first time since 1952, the quantity of rubber China will buy from Sri Lanka was not fixed.

However, China has assured Sri Lanka that it will continue to buy substantial quantities of Sri Lanka rubber and the quantity of rubber it would buy would be fixed only if the need for Sri Lanka to buy any rice crops up. Under the 1982 protocol Sri Lanka will buy textiles, building materials and light industrial goods.

Sri Lanka's annual requirements of rice total some 1.5 million tonnes, but a third of it has usually been imported from several countries including Pakistan, Burma Thailand and India. In the past few years good harvests have led to scaling down of imports. Last year's rice imports amounted to only 80,000 tonnes from China in exchange for 30,000 tonnes of rubber.

In 1977, when President Junius Jayewardene's government came into power sweeping the government of former Prime Minister, Mrs Sirima Bandaranaike out of office, rice imports totalled 538,000 tonnes. Imports dropped steadily after the government launched a vigorous drive to increase rice production. In 1979, only 211,000 tonnes of rice was bought. The quantity dropped to 110,000 tonnes last year.

China, which was Sri Lanka's biggest trading partner until last year, used to buy a large proportion of Sri Lankan rubber with purchases averaging 50,000 tonnes of quality sheet. Rubber production this year is expected to be 172,000 tonnes against 145,000 tonnes last year and 134,000 in 1980. In 1980 Sri Lanka exported 120,000 tonnes to earn 129 million US dollars.

According to reports reaching Colombo the drought has destroyed vast acres of food crops including rice and slowed down production of tea, rubber and coconut. The reports said that some 280,000 farmer families have been badly affected by the drought which has laid waste crops throughout the country.

Social Services Ministry's Secretary, Mr. T. G. Gunasekera said, that the government was now providing spending Rs 56 million (about 2.3 million US dollars) a month providing relief to the victims, in 18 of the country's 24 administrative districts. The Minister hoped that the United States Agency for International Development (USAID) would assist the drought relief effort, he said. Representatives of USAID, headed by Miss Sarah June Littlefield were having talks with Mr Gunasekera on the aid possibilities, a Ministry spokesman said.

Meanwhile the Ceylon Electricity Board (CEB) has warned that if the drought continues and the monsoon rains do not arrive by May, an electricity power cut of at least 2 hours a day would be inevitable. The two hydro-power reservoirs in the central hill country which provide about 60 per cent of the country's

PAKISTAN
NEPAL
INDIA
BURMA
BANGLADESH
SRI LANKA
MALDIVE ISLANDS
SOUTH ASIA REVIEW

power needs have virtually dried up as a result of the prolonged drought. The electricity supply now depends to a great extent on thermal power, which now accounts for 120 megawatts of the total power generation. With the high costs of thermal power generation, the CEB has repeatedly called for economy in the use of electricity and the total elimination of waste. The appeals have been of no avail and normal demand prevails and will increase with the increasing construction activity, a CEB spokesman said.

During the 1980 drought which raged for 5 months,Sri Lankans had their water supply cut up to 12 hours a day and the electricity supply up to 18 hours a day. All street illuminations were banned and street lighting was cut to a minimum. But the power supply to essential industries including tea was maintained at required levels. Farmers who depend on water from the state's network of channels also had their supply restricted during the drought.

The overall effect of the drought was that the economy failed to reach projected targets and fell below its 1980 projected six per cent growth rate, mainly because of the poor performance of plantation agriculture. The GNP grew at 5.5 per cent compared with 8.2 per cent in 1978 and 6.2 per cent 1979. The slow down in economic growth resulting from the poor performance of plantation agriculture was due partly to bad weather though this alone could not explain, it, the central bank has said.

In 1980, growth of plantation agriculture declined by 10.1 per cent as production fell in all three major plantation crops, tea by seven per cent to 191 million kilos, rubber by 13 per cent to 133 million kilos and coconut by 15 per cent to 2,026 million nuts.

In contrast domestic agriculture, especially paddy production increased markedly over the previous year. Failure of the south-west monsoon rains was a factor affecting coconut and tea production. But the uneven performance of the agricultural sector was due to many controllable factors such as management problems of stateowned plantations, tax structures on traditional export crops and lack of sufficient incentives for production increases in the smallholder sectors the bank said, in its 1980 review.

A leading Sri Lankan economist said that the drought would have very serious effects on the country's economy if it continues unabated. The heavy relief b
and the slow down in production in vi
sectors of the economy, were burde
Sri Lanka could not carry at a time whe
it has to borrow heavily to bridge a recor
1982 budget deficit of Rs 21.1 billion.

Finance Minister Mr Ronnie de M
has said that the resources available t
finance the deficit are foreign financin
of Rs 14.1 billion and Rs 4 billion fro
the domestic non-bank sector, leavin
an unfinanced gap yet of about Rs
billion. The drought has already con
letely upset Mr de Mel's budget plans.

PAKISTAN

Public sector's low industrial output

By B.M. Bhatia

AN international symposium held in Islamabad from November 24 to 28 last year provided a rare opportunity for having a closer look at the growth, performance and present state of public sector enterprises in Pakistan. The seminar was attended by half a dozen ministers in charge of various economic and commercial portfolios, a host of federal secretaries and other high officials manning the economic ministries, officials of various UN agencies led by UN Under-Secretary-General, World Bank experts and public sector representatives from India, Sri Lanka, Malasyia, Tanzania, Mexico, Algeria, Nigeria and Turkey. President General Zia-ul-Haq inaugurated the seminar and also addressed its concluding session. The focus of discussions at the seminar was the performance of public sector enterprises in Pakistan.

Pakistan started its career as an independent nation with a very small industrial and capital base. It has few manufacturing industries and little industrial entrepreneurial or managerial expertise available to it. The large majority of the industrial plants and factories existing in the territorial limits of Pakistan at the time of partition belonged to Hindu and Sikh evacuees who had migrated to India. Even most of bank branches and insurance offices had their head offices in India or shifted the same to India immediately after partition. Under the circumstances, Pakistan had not only to buil
up its industrial structure from the scratc
but also to raise an entrepreneurial clas
which would pioneer industrialisation o
the country.

In the earlier stages the gap was fille
by the Muslim trading and business community which had migrated to the countr
from India. The migrants, besides havin
previous business experience and mana
gerial skills, had also brought with the
sufficient funds to make a start in thei
old occupations. They were furthe
helped by the allotment of factories an
workshops left behind by the Hind
evacuees. Still the industrial plants were
relatively few in the country with the
result that the migrant group of businessmen and industrialists concentrated fo
the first ten to fifteen years on commercial
rather than on industrial activity. Helped
by liberal import quotas granted by the
government and prevailing scarcities o
all types of manufactured goods, these
groups made large fortunes from trade.
It is these funds that provided finance
for industrial ventures in Pakistan at the
critical ealiest stage of its industrialization.

The process was helped further by the policies of the Government in the "development decade" of General Ayub Khan. The liberal import quotas and allotment of foreign exchange as well as import licenses opened up opportunities for amassing wealth by starting new industries whose products were assured of the availability of protected home market. These opportunities were siezed with alacrity by the few business families which had got themselves well established by now. They launched new industries and undertook expansion of the old ones, in a big way. Thanks to the efforts of these "robber barons" the country experienced an industrial boom in the sixties when a spectacular industrial growth rate of over 10 per cent per annum was registered. But the process could not continue indefinitely. It contained within it its own limitations. In the first instance the limited capital that the business group originally had got, soon got exhausted, by its spread over industrial ventures whose requirements of fixed and working capital grew rapidly. Secondly, it gave rise to acute concentration of economic power in the hands of a few monopoly houses (22 families) which aroused general resentfulness among the people. That had disastrous political consequences for the country as the latter developments were to show.

Ayub tried to overcome the first difficulty by making institutional credit available to the private sector from public sector financial institutions set up for the purpose. The more important of these institutions were: (1) Industrial Development Bank of Pakistan, (2) Agricultural Development Bank of Pakistan, (3) Pakistan Industrial Credit and Investment Corporation; (4) National Investment Trust; (5) Investment Corporation of Pakistan; (6) House Building Finance Corporation; (7) Small Business Finance Corporation; and (8) National Development Finance Corporation. Five nationalised banks were added to the list later under Mr Bhutto. More recently Pak-Kuwait Investment Company, Pak-Libya Holding Company, Bankers Equity Ltd and Equity Participation Fund have been added to the list.

These institutions themselves were financed by funds obtained by the government through foreign aid to it. Thus in the case of Pakistan, foreign aid in the earlier stages of country's development went to the building up of the private industrial sector rather than the public sector, which has been generally the case with most of the developing countries in the last thirty years. Thus in 1970-71 out of total industrial investment in Pakistan of Rs 149.4 crores, public sector investments accounted for Rs 6.8 crores or 4.55 per cent of the total. But the foreign debt of the country as a result of that process had gone up to $ 3.7 billion.

Bhutto tried to correct the imbalance through his socialist programme. He nationalised 13 industries covering almost every part of the industrial field in the country excepting cotton textile. But 80 per cent of the industrial field was occupied by the textile industry. Thus the entrenched powerful industrial interests were left out of the nationalisation axe. Still nationalisation created such a scare that private sector practically stopped making new investment and went on strike, so to say. This attitude continues to this date so that the share of public sector in the total industrial investment in the country has gone up from 4.55 per cent in 1970-71 to 74 per cent in the 1978-79 as is seen from the following table:

Table: Industrial investment (gross capital formation) in industrial sector in Pakistan.

(Current prices) (Rs million)

Year	Private	Public	Total	Public as % of total
1969-70	1396	179	1575	11.37
1970-71	1426	68	1494	4.55
1971-72	1235	99	1324	7.48
1972-73	1019	111	1130	9.82
1973-74	1023	382	1405	17.19
1974-75	1437	1065	2502	42.57
1975-76	1819	3182	5000	63.64
1976-77	2112	4514	6626	68.13
1977-78	2174	6143	8317	73.86
1978-79	2293	6659	8952	74.00
1979-80	2996	6593	9589	66.6
1980-81	3808	6000	9808	61.2

Source: Pakistan Economic Survey 1980-81 : Statistical Appendix Table 2.4

Three facts stand out prominently from the above table: first, there is a sudden and sharp increase in public sector industrial investment after 1973-74, a trend that has continued ever since; second, except in the last two years, private sector investments have been more or less static in absolute money terms which means that in real terms private investments have been going down (since the figures in the table are in terms of current prices and the country has passed through high rates of inflation during this period); third, since 1978-79, public sector investments even in terms of current prices have begun declining and private sector investments have begun rising but the improvement in the latter category of investments is only marginal.

PAKISTAN
NEPAL
INDIA
BURMA
BANGLADESH
SRI LANKA
MALDIVE ISLANDS
SOUTH ASIA REVIEW

The business community itself admits Lahore Chamber of Commerce, Shahzada Alam Monnoo in a recent interview with a Lahore weekly admitted that "industrialisation in private sector is not coming up to the expectations, despite the co-operation of the government." He blamed lack of financial resources in the country for that. He said that the present fiscal policies gave due encouragement and provided incentives for investment to the private sector but " the fact is that the traditional, rather the main,source of raising, of capital is the public, and that has gone dry." In other words people are not prepared to buy equities of private sector corporations, which, in turn, may be as much due to lack of enthusiasm about the future prospects of returns on industrial investments as to paucity of investible funds because of low rate of savings in the country.

It is here that the rub lies. The government accuses the private sector of sitting on the fence and not coming forward to make investments despite all the encour-

PAKISTAN
NEPAL
INDIA
BURMA
BANGLADESH
SRI LANKA
MALDIVE ISLANDS
SOUTH ASIA REVIEW

agement and incentives, that the present regime has been offering for the purpose. It does not realise that the sector does not have resources for making investments because the economy is not producing adequate economic surplus. The public sector, on the other hand, which by this time should have been generating surpluses to finance country's development has instead become a drain on its resouces. As Mahbub-ul-Haq, a former Chief Economist of Pakistan Planning Commission and now a Director Policy Division of World Bank put it at the seminar: "Of the existing stock of capital in industry nearly 50 per cent is in the public enterprises and the remaining 50 per cent in the private sector. In fact, of new investments in the past three years, public enterprises have accounted for atleast 75 per cent. Public enterprises with 50 per cent of total industrial capital stock contribute less than 10 per cent of industrial output. Private industry, with the same (share) of the capital stock contributes 90 per cent of the total national industrial output. Does this mean that the public sector is grossly inefficient, that it should be dismantled and most units handed back to the private sector?

"President General Zia ul Haq had practically the same thing to say except the suggestion that public enterprises may be handed over to the private hands. Javed Burki another Pakistani expert now with the World Bank generalised on the basis of the available evidence on the working of public enterpises in many parts of the world to remark that "it is now widely believed that many public enterprises in many diffeent parts of the world have failed to live up to the expectations with which they were set up", and that in many cases they have become "drain on public exchequer" in their respective countries.

As a way out of Pakistan's immediate problems, Mahbub-ul Huq suggested that 75 per cent of the industrial sector should be in the private hands and only 25 per cent owned by the state. Dr Karl Schiller, who had been earlier invited by General Zia to make a report on needed economic reforms, said at the seminar that he believed that "the main task (of Pakistan Government) is to bring the country to a higher level of activity which is possible be deregulating and decontrolling the economy, by liberalising investment activity and by libealising credit policy." Referring to performance of public sector in Pakistan, he went on to say: "The whole performance in the public sector was not very good. I believe the best way is to manage these firms as a first step, as private firms, part of the market process. It will be the best way to give them opportunity to rationalise their o structures. I believe costs in the pub sector are too high. The private sect is showing better performance in t economy.

Nobody suggested at the seminar th the first task before the government to restore balance in the economy b ween exports and imports, between inve ments and savings, between producti and consumption, and between revenu of the government and public expen ture. It is the imbalances and distortio in the economy built over the last years that are responsible for the prese state of Pakistan's economy. The re issue is not the inefficiency of publ sector which, of course, is a well-know and widely acknowledged fact, but ho to create sufficient economic surplus the economy to put it on the stea growth path.

BANGLADESH

Six new banks in private sector

DACCA

FOREIGN exchange reserves which had sunk dangerously low during the first and second quarters of the current financial year are showing signs of recovery. Last week Bangladesh Bank closed with reserves totalling taka 512.20 crores.

Critical liquidity constraint, which the country had so long been experiencing, severely hit external trade and import trade remained mostly suspended because due to non-availability of cash funds the government could not issue import licences. This has not only hit industries depending on imported raw materials but also reduced government revenue on account of reduced customs duty on imports.

Withholding by the International Monetary Fund of instalments under its Extended Fund Facility (EFF) had further aggravated external liquidity problem. While IMF is yet to resume its SDR credit under EFF as per agreement signed in the last financial year, it has recently allocated a sum of sixty million SDR under its compensatory fund facility to help Bangladesh meet its shortfall in export earnings. Besides, Saudi Arabia has also released 50 per cent of the grant amounting to 150 million US dollars that was committed during the President Sattar's recent visit to Saudi Arabia.

Meanwhile the average rate of infla ion, according to Bangladesh Bureau Statistics under Planning Commissio was around 20 per cent during the calendar year 1981. Cost of Living Index Dacca (middle class), taking 1973-74 base year, stood at 299.58 in Decembe 1981 as against 250.43 in December 198 This gave an annual price increase 19.63 per cent during the year. Meanwhil money supply stood at taka 2,170.9 crores on January 28, 1981, showing a increase of taka 20.86 crores during th first seven months of the current financi year. During the corresponding perio of the previous year money supply ha registered a net growth of taka 266.2 crores.

Signalling a complete departure fro the economic policies pursued immediately after liberation, the Banglades Government has recently permitted si banks to operate in the private sector Clearance had already been given to thre private banks, two of which are join ventures. Six new private banks includ an Islamic Bank to be run on the line on Islamic which is sponsored by som Islamic banks of the Gulf area and capitalists of Bangladesh. Some Banglades wage earners based in London have als sponsored one of the banks thus permitted, namely, Progressive Banks Limite Bangladesh Bank has asked promoter

Food Science & Technology
24 MAR 1982
CFTRI, MYSORE

PAKISTAN
NEPAL
INDIA
BURMA
BANGLADESH
SRI LANKA
MALDIVE ISLANDS
SOUTH ASIA REVIEW

these banks to raise the paid-up capital thin three months of the issuance of e letter of intent. Amount of authorised pital required in the case of joint venture nks is taka 10 crores, of which 5 crores ust be raised before seeking licence to perate. In the case of other banks the nount of authorised capital has been xed at taka 8 crores of which taka 4 rores is to be raised before going into peration. All these banks are expected begin operation shortly. As regards e Islamic Bank, it is learnt, its sponsors ill share profit and loss with depositors. eanwhile the recently-concluded inves rs' forum held in Dacca has generated ome interest among foreign investors, ccording to the official source. Govern ent has so far received 80 proposals rom foreign investors for setting up joint enture industries in the country. These ffers have come from 34 developed and eveloping countries. The offers will be onsidered in the context of national riorities. High Technology, import-sub titutive and agro-based and agro-support ng industries will receive priority, it is earnt.

While prospects in foreign trade and investment have slightly improved, the situation on food front continues to be uncertain. Prime Minister Shah Azizur Rahaman, of course, ruled out any food crisis, saying there was no shortage and no one died of starvation. The Prime Minister was replying to opposition criticism in parliament. He said that country would have total availability of 24 lakh tonnes of foodgrains from the existing stock, internal procurement and imports as against deficit of 21 lakh tonnes. Opposition, however, was unconvinced and stressed that shortage amounted to 28 lakh tonnes. Opposition charged that raising of prices of fertilisers and inputs and hire charges of power pumps and irregularity and corruption in providing agricultural loans were responsibile for the shortfall. Meanwhile observers attach some importance to President Sattar's just-concluded tour of Burma. Bangladesh is reportedly negotiating a deal with Burma for procuring one lakh tonnes of rice this year on commodity exchange basis. Even after this deal materialises there will be considerable shortage, it is feared.

India's continued assistance to Nepal

From BRAHMANAND MISHRA

NEW DELHI'S belated decision to invite Nepal along with ten other countries to the South-South conference, which opened on February 22, has brought disappointment to the interested elements in Kathmandu who, taking advantage of South Block's earlier rather unwise decision to exclude Nepal were out to create a wedge in Indo-Nepalese relations. Prior to the announcement of New Delhi's belated decision the Singha durbar, the seat of Nepalese government in Kathmandu, was not only unhappy but its reaction verged on anger over what it described as "almost unfortunate" development. While sober elements in the government merely said that it was a "set-back to Nepal-India relations" some had gone to the extent of saying that it would have "far reaching consequences" as Nepal's very self-respect and prestige was involved.

The one thing which excersised the minds of many thinking Nepalese was why after all India had chosen to ignore Nepal, a country with which it claims to have age old historical relations based on religious, social and cultural ties, which were reaffirmed by both the Indian President Mr. Neelam Sanjeev Reddy and India's External Affairs Minister Mr. Narsimha Rao only recently. They also thought it strange that while Nepal had not been invited, Pakistan, with which India has far from satisfactory relations, had been invited. So was Sri Lanka.

Sensitive Nepalese talking of Nepal's self-respect and prestige pointed out that if anything Nepal qualified more than Pakistan or Sir Lanka, having represented the nine least developed countries at last year's Paris conference. The fact that the Himalayan kingdom is one of the three landlocked countries in Asia — the other two being Afghanistan and Laos — was deemed as another qualification for being invited. What seems to have irked them most was that Nepal, they felt, had been bracketed with Bhutan, another Himalayan kingdom and Maldives in the Indian Ocean, as the countries from South Asian region not invited to the conference.

Pro-Indian elements both inside and outside government, who are in any way in large numbers, appeared unanimous in their opinion that the non-inclusion of Nepal in the conference of developing countries was a set-back to them also. Though outwardly Kathmandu is jubilant over New Delhi's decision to invite Nepal and India's critics have been at least for time being silenced, this rather unfortunate development even if temporarily has certainly harmed India's long term interests in Nepal. The political observers in Kathmandu feel surprised over New Delhi's way of handling Indo-Nepalese relations delicate as they are; especially considering the quantum of India's assistance to the kingdom. Indian assistance has been both large and continuous.

India has so far extended to Nepal assistance totalling about Rs 180 crores. This is more than the total assistance Nepal has received from all other countries. India's assistance to Nepal covers such fields as transport, communication, horticulture, livestock, irrigation, power, public health, education, geological survey, mineral investigation, industrial development and technology. The major part of the assistance has gone to the development of roads and air ports. (The Indian Aid Mission was renamed at the instance of Mrs. Gandhi in 1966 as the Indian Co-operation Mission, and then merged with the Indian Embassy in Kathmandu).

Among the earliest projects which received Indian support were the Tribhuvan Airport near Kathmandu and the 116 km. Tribhuvan Rajpath linking the capital city to the Indian border. Another

For India's first Super Thermal Power Station, only the best will do.

Power Generation equipment from BHEL.

BHEL join hands with NTPC in its venture to set-up India's first Super Thermal Power Station at Singrauli. This gigantic complex will have an ultimate installed capacity of 2000 MW. BHEL are proud that they have earned the confidence of NTPC and have been entrusted with the responsibility of providing tho entire power generation equipment for this Rs. 1000 crore Super Station.

With confidence BHEL took up the challenge. The first major milestone has been successfully accomplished. Within just 48 months Singrauli's first 200 MW set has been synchronised, assisting NTPC in meeting its commitment to the nation.

This accomplishment is indicative of BHEL's expertise in Integrated Project Management. Planning, co-ordination and monitoring of men, machines and materials at BHEL units spread over different parts of the country, sub-vendors in India and abroad and at the remote site of Singrauli.

With Singrauli, the nation enters the era of Super Thermal Power generation. This calls for most demanding technical standards for which BHEL are fully geared.

BHEL's contribution at Singrauli.

5 x 200 MW turbine-generator sets, steam generators, associated auxiliaries, 250 MVA generator transformers, 100 MVA interconnecting transformers, auxiliary transformers, circulating water pump motors, bus ducts etc.

2 x 500 MW turbine-generator sets & steam generators.

This constitutes about 40% of the total project cost.

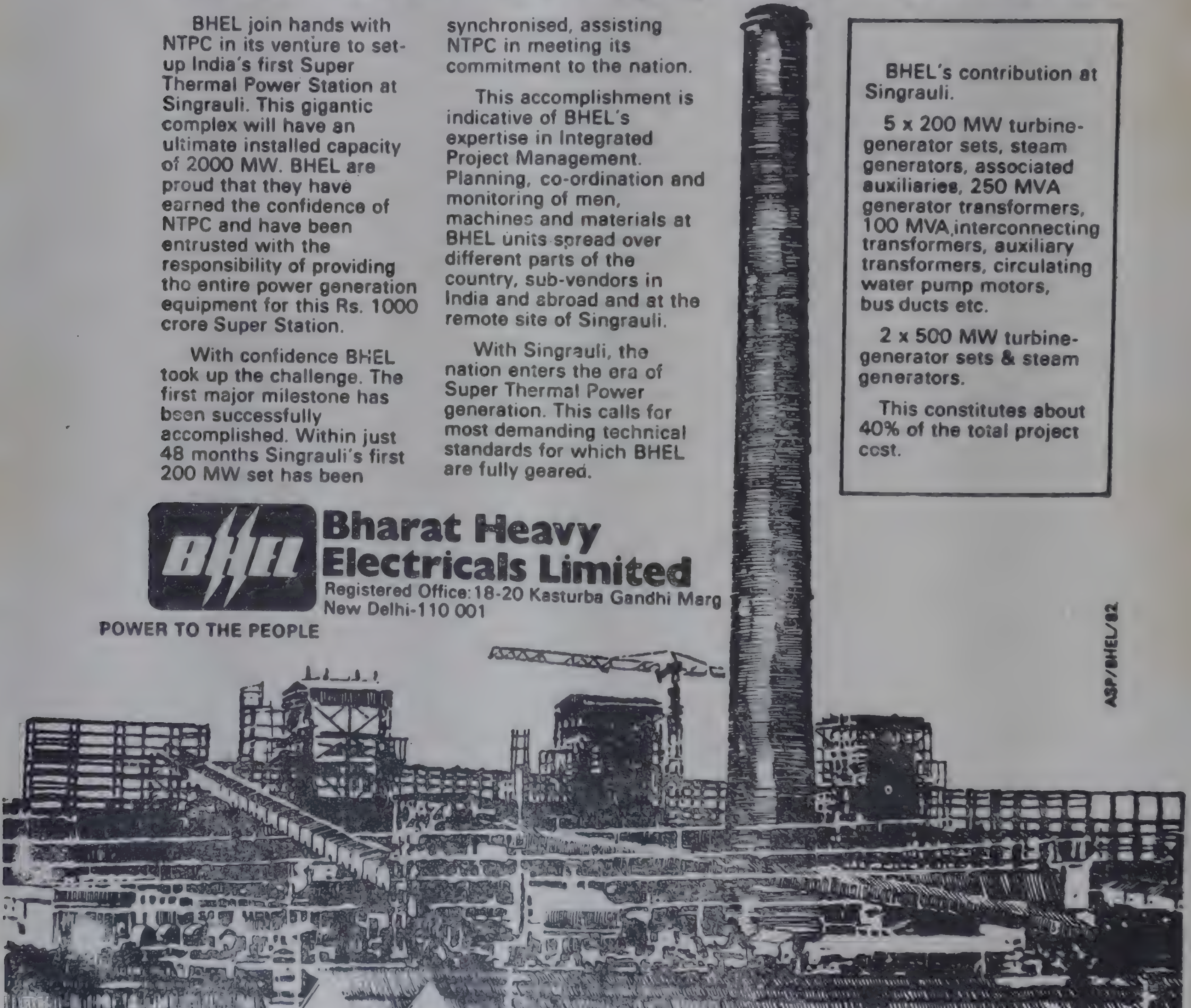
BHEL

Bharat Heavy Electricals Limited

Registered Office: 18-20 Kasturba Gandhi Marg
New Delhi-110 001

POWER TO THE PEOPLE

ASP/BHEL/82



PAKISTAN
NEPAL
INDIA
BURMA
BANGLADESH
SRI LANKA
MALDIVE ISLANDS
SOUTH ASIA REVIEW

road India has built in Nepal is the 200 km. Pokhara-Sonauli road. Called the Siddhartha Marg, 161 km of this is hill track. India has also been helping in the construction of the 1000 km. East-West highway from Mechi to Dhalkebar.

India has contributed to irrigation and power generation projects in Nepal. Work on the Trishuli project was started in the early fifties. Since then India has helped in the Chatra Canal project and its 56 km. long canal. The project is expected to irrigate 2.12 lakh acres of land. It was completed in 1973 at a cost of Rs 15 crores. The Chandra Canal, the pumped canal (syphon) and the distribution system of the western Kosi canal costing over Rs 13 crores have also been renovated. The latter irrigates 34,690 hectares of land. The Gandak project channels have been completed. This cost Rs 52.34 lakhs and will irrigate about 40,000 acres. These major and minor projects have provided irrigation for 1.13 lakh acres.

India and Nepal have also decided to harness the kingdom's water potential for their mutual benefit and the world's largest hydel project is expected to come up at Chisapuri on the Karnali river. When completed the project will generate 4,500 mw. The completion of the hydel projects at Karnali Pancheshwar and Rapti along with the existing generation capacity could make electricity Nepal's biggest export earner.

Nepal, at present, has an installed capacity of 75,000 kw. The per capita availability is just 24 units a year as against 175 units in India which itself faces power shortage. The hydel sector has an installed capacity of 53,000 kw. The Trishuli project generates 21,000 kw and the Surajpura power house on the Gandak 15,000 kw. The Devighat project presently under construction is expected to generate 14,100 kws.

The Karnali project — for which an agreement has been reached between India and Nepal — will be 60 times bigger than the biggest hydro-electric project now in operation in Nepal. The two countries have also agreed to approach the World Bank for financial assistance for this. Nepal was initially not in favour of such a gigantic project and preferred a medium size project. Another joint project is the Pancheshwar on the Mahakali river. This is expected to generate 1,000 mw. Nepal has also undertaken many other small hydel projects the smallest with a capacity of just 14 kw and the others ranging from 40 to 260 kw.

India has helped water supply schemes in 25 important Nepal towns including the Sundarijal water supply scheme in Kathmandu and other schemes in Amlekganj, Biratnagar, Nepalganj, Janakpur and Rajbiraj.

Three industrial estates have been set up at Dharan, Patan and Nepalganj and India has given a Rs 1 crore loan for Tribhuvan University. India has also supported the maternity centre at Kathmandu, two 25-bed hospitals, three 15-bed hospitals and one health centre at different places in the kingdom.

In 1978 the two countries had agreed to set up flood forecasting stations in Nepal. A landmark in Indo-Nepal relations was the joint venture agreement by which a cement plant estimated to cost Rs 30 crores will be set up in Udayapur in Eastern Nepal, a paper plant costing Rs 60 crore established in Western Nepal; and a railway line linking Udayapur with an India railhead would be constructed. The railway line is estimated to cost Rs 20 crores. The agreement also envisages a workshop for diesel irrigation pumps and a polytechnic in Hatuda.

India's financial assistance to Nepal upto 1980 in various fields was: roads and airports, Rs 100.50 crores; posts and telecommunication, Rs 1.80 crores; irrigation power and water supply, Rs 44.27 crores; horticulture, agriculture veterinary and forestry, Rs 1.26 crores; community and panchayat development, Rs 3.57 crores; education and health, Rs 2.28 crores; industry, Rs 1.84 crores; and archeology, archives survey, technical assistance and training, Rs 7.83 crores. During 1980-81 the Indian assistance was about Rs 15 crores.

Sharp rise in national income

NEW DELHI

THE breakdown in India's national income statistics, released by the Central Statistical Organisation of the Planning Commission, detracts somewhat from the country's socialistic credentials. The statistics show that the gap between the minimum and maximum incomes has increased in rural areas. The share of the top 10 per cent went up, while that of the bottom 10 per cent came down.

The concentration of wealth is also evident from the survey conducted by the National Council of Applied Economic Research. The top 1 per cent households in the entire country hold 14 per cent of the national wealth, while the bottom 50 per cent account for less than 7 per cent.

Otherwise however, the CSO statistics show that, after the drought of 1979, the Indian economy has been on a path of recovery. The most comprehensive indicator of this satisfactory trend is the growth of national income. Quick estimates of national income show that in 1980-81 it rose by 7.7 per cent in real terms over 1979-80, exceeding the earlier expectation of a 7 per cent increase. Even when account is taken of the fact that this rise is over a truncated base inasmuch as there was a drought-induced dip in 1979-80, the increase recorded indicates considerable improvement in the economy.

It is even nore interesting, though comparatively perhaps less important, that the increase in national income works out to 19.14 per cent if the inflationary factor is ignored, from Rs 87,253 crores in 1979-80 to Rs 104,201 crores in 1980-81. In real terms however, with 1970-71 as the base year, the increase was from Rs 43,882 crores to Rs 47,211 crores.

Continued on page 466

DAVOS SYMPOSIUM

A pioneering effort

N. K. SOMANI

HAVING just returned from the freshly snowed pastures of Davos, I am inclined to applaud the Government of India for having taken for the first time a bold and clear initiative, not only to inform ourselves of what is happening in the rest of the western world, but also to tell them that all is not lost in India. This exercise provided a unique opportunity, in a cohesive and harmoniously loud manner for everyone to see and hear that India offers unprecedented opportunities to the economies of both the East and the West and that we can no longer be taken for granted! The team led by the Industry Minister, Mr N. D. Tiwari, and ably assisted by the Industry Secretary, Mr S. M. Ghosh, and the Commerce Secretary, Mr Abid Hussain, amongst other officials, was poised not to take a defensive approach at all, in the shape of a poor developing country, but to tell the world of India's achievements so far and claiming its rightful rank in the comity of industrial nations in terms of its gross national product, one of the largest technical and scientific manpower pools, and a stable political democracy for about 35 years now. These are no mean achievements by any account.

India has long suffered in its image as a result of variety of reasons. The impression has gained around both at home as well as abroad that India is not taking a very welcome attitude in the field of industry and technology specially where the West is concerned and the misapprehensions and hallucinations created as a result of MRTP and the seemingly unending maze of legislative controls on the multinationals had given an impression that most people are not welcome here. The second major reason for this image is the totally anaemic and disdainful performance of all the economic limbs of our embassies abroad. It seems that very few appraisals are being done to find the cost benefit analysis of the performance of our embassies and trade missions situated in most parts of the world. A recent example of New Zealand closing its High Commission in New Delhi is a case in point where their Government thought that the expenditure incurred by that country in India is not worthwhile. Whether one agrees with this decision or not, it brings home a point that the foreign embassies of a country exist only for two reasons — political and economic — and unless they bring home these factors to our advantage they have no business to exist or be manned by the same kind of people who do not do a good job.

High level delegation

It was therefore in the fitness of things that the Government finally made up its mind to present a total picture of India's industrial performance and potential to the world at large. It fielded a very high level official delegation comprising the minister and the secretaries,with India's ambassador to Switzerland in attendance and with the chief of India Investment Centre and various other officials forming the backdrop. They were ably assisted by about 12 top Indian industrialists/managers from the private and public sectors which all gathered on the ski resort of Davos which is about two hours by train from Zurich.

The Davos symposium is being organised by the European Management Forum, a private non-profit foundation based in Geneva and founded by Prof. Klauz Schwab and has been rightly acclaimed as the most important meeting point for European chief executivs and senior managers,who combined the trip with a busman's holiday taking time on most afternoons for their glorious skiing forays.

The writer (who was a part of the unofficial delegation) was struck by the amazing efficiency and dedicated hard work done by the very few people on behalf of the Forum. One could not see more than about 8 or 10 executives who were totally in charge with the various facets of the activities of this multi-structured, one-week, intellectual exercise and the whole thing was remarkably noted for its smoothness. The conference consisted of various plenary sessions on a wide range of issues affecting the western world, followed by various workshops for more serious discussions along with numerous opportunities to participants for meeting personally to know each other better and to promote mutual interests.

The importance of this symposium was amply reflected by the fact that President Ronald Reagan sent a special 5-minute video presentation of personal greetings to the conference personally with a senior representative of the U.S. Government and an ex-British Prime Minister, Mr Edward Heath, chaired the session throughout the week. Amongst others, it was also addressed by the head of the International Monetary Fund and several other distinguished speakers too numerous to be named here.

Unemployment

It struck me clearly that the western world today is obsessed and overwhelmed with unemployment at home which is ranging between 10-12 per cent in most cases (except Japan) and the inflation rate persists also in double figures. The high U.S. interest rates came in for severe criticism also.

Most of the western participants were palpably hostile to Japan whom they considered as their adversary number one. It seems that Japan's brilliant and sustained performance over the last two or three decades have left the western world gaping in most fields and the latter seem to have been priced out by Japan in one field after another notably in automobiles, electronics, steels, chemicals etc.

Impressive presentation

Heralding the visit of the team to Davos, the *Economic Times* on a front-page story on January 25, 1982, mis-titled the aim of the journey as a strategy evolved to woo multinationals. I am nearly certain that this misleading headline will have its repercussions in Parliament and uninformed comments and barbs would be heard by the treasury benches. As mentioned before the mission of the high level team was both to inform and be informed rather than open the doors of the country to all and sundry. Mr Tiwari made an impressive presentation at the plenary session along with his counterparts from Turkey, Brazil and Indonesia, all four of which had brought in delegations to this symposium. India, however, scored a march over the rest of them both by the size of its delegation

---

The author was a member of the industrialists' delegation that took part at the Davos symposium in Switzerland during January 28 — February 4, 1982.

and the performance of the team.

Europeans at large were totally flabbergasted to be told that India is not ony making sophisticated locomotives, telephone and communication equipment, assembling various micro-processing units, making aircrafts, steel, aluminium and chemicals, but also launching communication satellites and other probing missiles in to space. Some time later when I went to London, I was informed that a very large India festival is being organised from March onwards in various parts of Britain for which a special bullock cart has been sent to the festival along with specimens and samples of our other industrial achievements of higher technology.

Mr Tiwari made it amply clear at the plenary session, the television interview and at various other meetings that he attended with other groups, that sophisticated technology suited to Indian requirements was most welcome. In his plenary address, Mr Tiwari presented briefly a record of Indian achievements in the field of collaboration with foreign industry in the last 30 years there have been 6,500 collaboration agreements between Indian companies and foreigners and in 1980 alone 500 such agreements were finalised. He also dispelled misconceptions about foreign investments in India.

Other avenues

Apart from formal workshop sessions and plenary presentations, there were other useful meeting places where one could easily learn about the developments in western and Japanese society in the field of science and technology relating to industry. Some of the important developments that were exhibited to us were in the field of Robotics (electronically controlled robots are being increasingly used in Japan, Europe and the USA since one robot displaces several people and does enormous quantitative assembly work in industrial production). While this may be far fetched for our country, it at least showed clearly as to how as the West is prepared to go to cut down on labour and supervisory costs which are skyrocketing.

Industrial robots are on the march. Big companies have begun to place huge orders for these mechanical workhorses. America's General Motors, which as per recent reports lost over 2 billion dollars in their accounting year 1981, alone plans to spend over one billion dollars by 1990 to install more than 14,000 new robots.

The second area of interest was for deep sea exploration of minerals and other ocean wealth in which India is still in a pre-primary stage. More than one specialised international company's are today very active in this field which is going to take an increasingly more important role in future for various resources, including protein. The extent and scope of laser technology both in the health and industrial fields were amply demonstrated, which is another area where India should seriously apply its mind. The wonders of modern technology were demonstrated suitably when the Prince of Saudi Arabia was on an instant communication satellite from Riyadh to the mountain top congress centre at Davos, and Mr Edward Heath asked him a number of questions in the presence of the plenary delegates to which he provided answers.

To measure the results of a business symposium such as that of Davos in terms of a cost benefit would be totally impossible. However, India has come out of this rather creditably since it made the best impression amongst the IBOP delegations, for it was the only country which presented an optimistic long range view to all the participants in a forthright and candid manner while all others were either shaky or with shady backgrounds like Turkey.

While I would unequivocally state that all of us were of the unanimous view that Davos was an experience well worth having since it provided an instant opportunity to meet the greatest number of important people who matter in the shortest spell of time, and that there was a rich flow of ideas and dialogues which may yield results to all those who care to follow up. It is hoped that the Government of India would arrange a roundtable for investment in India through the European Management Forum in Delhi, which will give European managers and industrialists a first hand opportunity to see for themselves what they have been told at Davos.

Some lessons

There are a few lessons for India which should not be ignored. We should not forget the fact that India is not the only poor country in the world and that unemployment and inflation are not endemic and peculiar to India only. As a result of all these economic pressures, the West has now demonstrated in several cases that both managers and workers have voluntarily accepted to take as much as 30 to 40 per cent less of their wages, salaries and perquisites in their own enterprises in the sole interest that their company should survive and prosper. This is not an ordinary thing to do. While many in India may argue that western society is rich and can therefore afford to give up a part of their living style, we should not forget the fact that it costs the same amount of pain and sacrifice to westerners as it would to an Indian living in his own life style. Can we ever imagine a period where in a similar situation, the managers and workers would do a similar thing in our country?

Several examples were seen in U.K. where the British Railways and the Airways were allowed to seriously confront their mighty and powerful trade unions on the basis of cost reduction and a significant rise in productivity, in case they wanted a 3 to 5 per cent wage rise over the last year. Both these organisations were still in a state of industrial unrest when the writer left London, but it goes home to show the 180° turnabout in the typical British society, where the public opinion was palpably in favour of the management and positively against the workers who were insisting on their pay rise without any committment to increase in productivity. If a historically socialist country like the UK can do this in the last two or three years, there is no reason to lose hope in our country, if there is an appropriate political will at the top.

Redundancy

I asked a particular question to a very senior Japanese industrialist on the question of redundancy of work force. Although fortunately they have yet no occasion for any lay-offs or reductions as a result of economic pressures, the Japanese chief who underscored the cohesive and tension-free working atmosphere in the industrial society brought home the point that if ever there was a need to reduce one person in the Japanese work force, there would be hundreds of voluntary applications for the same. The Japanese workers understand perfectly that only if their company does well, will they have a sustained and glorious future and short-term gains are always to be abjured in favour of long term gains.

The same views were expressed by Mr Akito Morita, chairman of the world-renowned Sony Corporation who had the distinction of being asked to address the plenary session at Davos. There was hardly any other industrialist to deserve that honour and rightly so. Mr Morita emphasised the point that Japan treated every crisis as a challenge and opportunity and redoubled its determination to overcome all problems through mutual discussions and innovation. The secret of Japanese success in Europe was that Japan knew Europe ten times more than Europe knew Japan. Mr Morita explained that Japan enjoyed a most democratic and egalitarian society where its philosophy of a life time employment and labour-management relations blessed with a soulful cooperation from the government and the banks resulted in a smooth functioning of the industrial apparatus.

Another aspect that India would do well to remember is that technology will continue to remain the anvil of an industrial society and that it should be freely and fruitfully imported for suitable adaptation at home and for the world market. Japan is currently closing down its aluminium plants since they do not have any reserves of bauxites and other minerals and this should have been clear to India a long time ago. If our aluminium industry were allowed to be geared to that objective, we would be supplying millions of tonnes of steel and aluminium to Japan presently. It is not too late even now to bend ourselves in that direction.

All in all, it was clear to everyone that India provided a unique platform both to the East and the West and can certainly be a melting pot for successful industrial cooperation and enterprise. It remains to be seen how far we can successfully proceed in this direction. We had a Rahul Bajaj who is number two in the highly competitive transportation industry of the world and has achieved international acclaim rightly and a V. Krishnamurthy (chief of Maruti Udyog) who is in an advance poise to bring home a sensible and reliable passenger car home! What greater choice can you offer?

Sharp rise in national income

Concluded from page-463

The per capita income in real terms is estimated at Rs 696 for 1980-81 as compared with Rs 661 in 1979-80, showing an increase of 5.3 per cent, the remaining increase in national income having been neutralised by the increase in population. If inflation is not taken into account, the corresponding per capita income at current prices works out to Rs 1,537 in 1980-81 as against Rs 1,316 in 1979-80, thus registering an increase of 16.8 per cent.

The substantial increase in national income during 1980-81 was due to a marked improvement in performance of the agricultural sector, which remains important enough to swing the performance of the entire economy. Grain production rose to 129.9 million tonnes during the year, which was considerably higher than the output of 109.7 million tonnes in 1979-80. Further, sugar production registered an increase of 16.8 per cent, jute 7.3 per cent and oilseeds 4.8 per cent. As a result, the overall increase in the agricultural sector was of the order of 13 per cent in real terms.

In industry, however, the performance in 1980-81 remained below expectations, the improvement being only 3 per cent as against a target of 8 per cent. A major retarding factor was continuance of infrastructural deficiencies, which are still plaguing the economy.

Behind the bland statistics it is possible to discern some improvement in the standard of living. In real terms, that is at 1970-71 prices, the per capita consumption expenditure increased from Rs 552 in 1979-80 to Rs 576 in 1980-81, registering an increase of 4.3 per cent. This increase was mainly due to an increase in the quantum of per capita consumption of cereals, edible oils, meat, eggs and fish.

India's savings rate has been quite impressive, especially when compared to that of several countries. Net domestic savings during 1980-81 amounted to Rs 19,898 crores as compared to Rs 17,034 crores in the previous year, although the percentage share of savings in the national product fell from 17.1 to 16.9. The savings of the public sector declined from Rs 3,124 crores in 1979-80 to Rs 2,380 crores in 1980-81, showing that the performance of this vital sector of the economy continues to be a source of concern. However, savings of the household sector increased from Rs 13,127 crores to Rs 16,659 crores. The rise was mainly due to the increase in net deposits, currency holdings and provident and life insurance funds.

Despite the slight fall in the rate of saving, the rate of net investment or capital formation went up to 19 per cent as compared to 17.6 per cent in 1979-80. Thus the rate of capital formation has been higher than the rate of saving, and this healthy trend has been noticeable over the last three years.

In the case of gross capital formation, practically all the sectors have shown an increase. This is particularly so in the agricultural sector, where the increase is as high as 20 per cent. The rise in investment in agriculture is to be viewed in the light of substantial increase in production.

World's biggest airliner is also biggest headache

Concluded from page -440

Soviet Union is causing such hard ship and harassment to International passengers travelling by its airline. Moreover, nowhere in the world are transit-passengers treated in a manner that makes them feel like convicts. In failing to give the connecting flight, no airline would just put its passengers in a closed "hotel". "We are not prisoners", protested an Indian to the Soviet police, who was asking him questions not related to air-travel. But his protest was in vain. An Australian asked me, "why do you not have a legal visa? India and the Soviet Union have such a great friendship!" I must admit there was nothing in the attitude of the Soviet officials to indicate "friendship" between the two countries. While flying from Moscow to Delhi earlier, I had to work out my arrival time in Delhi, as in the plane all timings were announced in terms of "Moscow time". Thinking of "Indo-Soviet friendship", I thought that while flying to India, the soviet airline would announce in Hindi also. I was shocked to hear a very long announcement in Russian and a brief one in poor English.

The paradox of this "Super Power" is that it has landed rockets on the moon, produced atombombs, manufactured intercontinental rockets to destroy the world many times. But this big giant, even today is not in a position to produce consumer goods that make life tolerable.

Special Reports

Gundu Rao in cement scandal

BANGALORE

THE otherwise drab political climate in Karnataka has suddenly been transformed by what has come to be known as the 'cement scandal' which, according to observers, has taken the Congress-I Government, headed by Mr. R Gundu Rao, by storm.

The 'scandal' has been projected by no less a body than the prestigious Public Accounts Committee (PAC) of the State Legislature. The committee has arraigned the Chief Minister himself and his cabinet collegue in charge of Food and Civil Supplies, Mr. Manikrao Patil, and alleged *quid pro quo* on their part, which, however, has been stoutly denied by them.

The nub of the 'scandal' is that the Gundu Rao Government diverted, in an irregular manner, 4,000 tonnes of cement to a group of 30 apartment builders from out of the special additional quota of 10,000 tonnes of cement allotted by the Government of India for the use of government departments in July 1981.

In its defence, the Government has admitted the fact of such a diversion of cement quota and has justified it on the ground that the State Government itself sought the special allotment of 10,000 tonnes from the Government of India specifically to meet the needs of the apartment builders, on the ground that their construction activity had slowed down, thereby throwing large chunks of workers in the construction industry out of employment.

Government's stand

Both the Chief Minister and the Food Minister have made it known that the fact of the diversion of 4,000 tonnes of cement to apartment builders had been intimated to the Government of India and they argue that if there was any irregularity in the allotment, the Centre would have pointed it out.

The reaction of the Chief Minister was one of anger in his rebuttal of the PAC's charge. The Chief Minister, obviously in an attempt at politicising the issue, went to the extent of alleging that the chairman of the PAC (Mr. S.R. Bommai, MLA and president of the State Janata Party) had timed the release of the committee report for the next day's public meeting organised by the three party opposition alliance to mark the celebration of the birthday of Mr. S. Nijalingappa.

The Chief Minister's accusation has not gone down well among critics who point to the unique status of the Public Accounts Committee as the watchdog of the Legislature over the Executive, the fact of the report being unanimous and of the composition of the committee, in which the members of the ruling party form the majority 9:6. It is, however, evident that the latter factor has created a great deal of embarrassment to the government.

The PAC has also strongly urged that a thorough probe by a High Court Judge be instituted, under the Commissions of Inquiry Act, into the manner of cement allotment by the government, as it has found that the government had sacrificed the needs of the irrigation and power projects and of the general public to favour bulk consumers, including apartment builders.

Bombay spot exchange rates of currencies as on 8-3-1982

(Currency units per Rs 100)

Country	Currency	Selling T.T.D.D	Buying T.T. Clean
Australia	A. $	9.945	10.185
Austria	A. Schilling	175.40	180.10
Belgium	B. Franc	460.00	470.00
Canada	C. $	12.930	13.185
Denmark	D. Kroner	83.90	85.50
France	Franc	63.80	65.15
Hong Kong	H.K. $	62.20	63.45
Italy	Lira	13430	13700
Japan	Yen	2492	2541
Malaysia	M. $	24.54	25.03
Netherlands	Guilder	27.33	27.90
Norway	N. Kroner	63.45	64.75
Singapore	S. $	22.37	22.82
Sweden	S. Kronor	61.20	62.45
Switzerland	S. Franc	19.69	20.10
UK	£	5.8760	5.9185
USA	$	10.720	10.825
West Germany	D.M.	24.95	25.40

Source: Syndicate Bank, Foreign Exchange Division Central Office Bombay-21

Another accusation by the pro-Government circles against the PAC chairman is that he released the report hastily and called a press conference to distribute copies of the report. Those who do not approve of this allegation point out numerous instances, as a matter of routine, of the chairmen of legislature committees having released the reports of committees at press conferences, once the committees reports were laid on the table of the Legislature. In fact, it has been pointed out, the previous chairman of the Public Accounts Committee, who, interestingly enough, belonged to the ruling party, contrary to conventions, had himself become the centre of a controversy on that account when he called a press conference to release two PAC reports of a controversial nature.

The PAC had before it a note given by the Government to say that the Government took the decision to allot 4,000 tonnes of cement to apartment builders from out of the special Government of India allotment of 10,000 tonnes and also the telex message sent by the Union Minister of Industry, Mr Charanjit Chanana, granting the special allotment. The committee quoted the latter message as making it clear that the allotment was to be collected for the government departments. The telex message was in reply to a telex message sent by the State Food and Civil Supplies Minister purporting to seek the allotment. The committee has said that the Minister's telex message had not been made available to it.

On receiving the intimation of Central allotment, the committee said, the Food and Civil Supplies Minister recommended that cement be allotted to 30 (originally 32) bulk consumers (apartment-builders) as per a list drawn up by him. The list was approved by the Chief Minister.

According to the committee, both the Director of Industries and Commerce and the Secretary to the Government in the Industries and Commerce Department, had brought to the notice of the Government that the special allotment made by the Government of India was intended for the government departments alone and their objections about the eligibility of the allottees in the list drawn up by the Minister had been 'brushed aside'. The Minister obtained the approval of the Chief Minister.

The committee had also been told, (by the Minister) that the distribution of cement, controlled wholly by Government, whether it was meant for government work (or) to any private person, had to be channelised through Government etc and that it did not prevent the Government under 'its inherent powers' from considering certain cases

The PAC said, after an examination of the regularity and propriety of the Government order, that it was surprised how the Minister for Food and Civil Supplies, who was not holding the portfolio of Industries (cement distribution), initiated proposals for out-of-turn allotment and took special interest in the matter. The Government had sacrificed public interest to favour a few apartment builders, that too in a discriminatory manner, in gross violation of the prescribed procedures. It held that the decision taken by the Chief Minister and the Food and Civil Supplies Minister was "highly improper and injudicious, apart from being irregular. It was a case of undue favouritism and misuse of authority. The *quid pro quo* basis adopted for distribution of cement required a probe

The PAC noted that the allotment of apartment builders had come to its notice in the course of its examination of the progress of the major irrigation projects under construction and that it had been told by the irrigation department that cement shortage was among the reasons for the slow progress.

The diversion of cement to apartment builders is part of the reason for the cement problem. The gravamen of the PAC's charge, quoting figures, is that the allotment given to bulk consumers was increased from 58,689 tonnes in 1980-81 to 93,514 tonnes in 1981-82, that is, by 60 per cent. Also, the total quantity issued exceeded the allotment during those years. Further, in one month alone (October, 1981), they obtained 23,554 tonnes against 28,900 tonnes allotted for the entire October—December quarter of 1981, which worked out to 245 per cent of the proportionate allotment for the month. The authority under which such excess allotment and issue were made was not forthcoming. It held tha the Government was responsible for the 'irregular' excess issue to that categor to the detriment of the developmen activities of the state and the public.

The committee also observed that construction of residential buildings b the public had been greatly hampered by the non-availability of cement and (quoting figures) it was evident that the difficulty had been created by the Government by allotting inadequate quantity of cement to that category of consumers. Lakhs of persons, particularly people of lower income groups, had been waiting for years for cement to complete their houses. Government had, however, ignored their requirements and had favoured the few bulk consumers engaged in commercial building activity. Government should have been more sympathetic and considerate to the small house builders and farmers waiting to build irrigation wells.

The Government's rebuttal came at a press conference the Chief Minister held, four or five days after the release of the PAC report. According to it, the State Government had been vested with complete discretion in the matter of allotment of cement to different categories of consumers. It was in the exercise of that discretion that bonafide cement allotment was made to apartment builders, in public interest, keeping in view the labour force employed in the construction activity. Denying diversion of cement earmarked for any government department or project, it said that cement meant for irrigation and power projects was separately allotted and its utilisation was watched by the public works and the irrigation departments. A case of misappropriation of cement meant for the Upper Krishna irrigation project a year ago had been promptly dealt with and investigation was in progress.

The Chief Minister has also defended the provision of keeping for himself a discretionary quota of 1,000 tonnes of cement per quarter (to which the PAC had taken objection and had wanted its discontinuance) and asserted that the release on discretionary basis was governed by certain conditions, without serious dislocation of the quarterly sectoral allocations.

Retail prices of essential commodities in Bombay

Compiled by Commerce Research Bureau

Item	Quality	Rs per kg				Percentage variation on March 5, 1982 over		
		Mar. 5, 1982	Feb. 26, 1982	Feb. 5, 1982	Mar. 6, 1981	A week ago	a month ago	a year ago
Rice	Average	4.00	3.80	3.80	3.00	5.3	5.3	33.3
Wheat	Average	3.90	3.90	3.90	2.80	—	—	39.3
Jowar	Average	2.50	2.50	2.50	2.20	—	—	13.6
Bajra	Average	2.50	2.50	2.50	2.20	—	—	13.6
Gram dal	Average	5.00	5.00	5.50	6.40	—	−9.1	−21.9
Tur dal	Average	6.00	6.00	6.50	6.80	—	−7.7	−11.8
Potatoes	Average	1.80	1.80	1.75	2.00	—	2.9	−10.0
Onions	Average	1.50	1.50	1.50	1.00	—	—	50.0
Milk per litre	Buffalo	5.40	5.40	5.00	4.90	—	8.0	10.2
Tea	Average	24.00	24.00	24.00	24.00	—	—	—
Coffee	Average	18.00	18.00	18.00	17.50	—	—	2.9
Kerosene per litre	—	1.66	1.66	1.66	1.49	—	—	11.4
Bread (400 gm)	—	1.55	1.55	1.55	1.40	—	—	10.7
Sugar	Average	5.80	5.80	6.20	7.80	—	−6.5	−25.6
Gur	Average	4.50	4.50	5.00	5.00	—	−10.0	−10.0
Groundnut oil	Average	14.80	15.00	15.00	14.00	−1.3	−1.3	5.7
Vanaspati	Average	16.00	16.00	15.00	—	—	6.7	—
Toilet soap	—	2.00	1.95	1.95	1.90	2.6	2.6	5.3
Exercise book (200 pages)	—	2.50	2.50	2.50	—	—	—	—

SPECIAL REPORTS

India's high credit rating in France

BOMBAY

A consortium of nine French banks has offered India a line of buyers credit of French Francs 800 million (Rs 130 crores), subject to the approval of the Government of India, for the purchase of plant and equipment and maintenance imports for French assisted industrial projects in India. The offer was made to an industrial delegation from the Indo-French Chambers of Commerce and Industry, which visited France recently.

Addressing a press conference here, Mr Harish Mahindra, who led the delegation, said, the line of credit would be extended in two parts. The first part amounting to FF 600 million (approxmately Rs 100 crores) at an interest rate of 11.5 per cent would be for the purchase of French plant and equipment. A mixed tranche of other foreign currencies equivalent to $ 35 million would be offered at the LIBOR rate for purchases outside France. Repayment of the loan would be spread over 2 to 10 years. The minimum loan industrialists could avail of would be FF 2 million.

According to Mr Mahindra, the loan offer indicates India's high credit rating in western financial markets and French earnestness in assisting India in its industrial development. He is hopeful that this line of credit would be accepted by the Government of India as a supplement to the French protocol under which Government to Government French credit has been made available for French projects in India since 1973.

Members of delegation had discussions with French industrialists on the possibility of French participation in the following areas of Indian industry — seamless steel tubes, uranium mining and refining, automobile ancillaries, speciality valves for the nuclear and petroleum industries, thermal power station servicing equipment, measuring control instruments, liquid processing systems, paper making, offshore construction activities, the manufacture of silk fashion garments for ladies, production know-how for grape wine making and the setting up of five star hotels.

AS I SEE IT

Small depositors in jeopardy

THE Supreme Court judgement on the complaint filed by the West Bengal Government against Sanchaita Investments has disclosed many irregularities in the functioning of Sanchaita Investments. The Chief Justice, Mr. Y.V. Chandrachud expressed his anxiety about safeguarding the interests of small depositors. According to one report the number of depositors, who had deposited Rs 10,000 or less, was 16,000. In the interest of small depositors the Supreme Court ordered for the detention of documents of Sanchaita Investments. The depositors have suffered already considerably as for many months of they have not been able to draw any interest or get any refund of their deposits. The same report said that 400 depositors, who had asked for the refund of their deposits in August 1981, had not received amounts till the end of December 1981, notwithstanding promises of return by Sanchaita Investments executives. In order to act up to the spirit of the judgement of the Supreme Court the Government of India ought to consider appointing an official with the specific responsibility to facilitate the refund of deposits and interest to the small depositors. Mr Ghanshyam Pardesi writes in *The Statesman*, "It is well known in Calcutta that powerful and influential people have got back their deposits". This fact further underlines the responsibility of the Government. Many small depositors have kept their life's savings and if, on account of any reason, these deposits are not returned to them it would cause ruination to thousands of families.

Since the action brought by the West Bengal Government against the firm had failed in law, many depositors were inclined to criticise the Government of West Bengal for moving against the firm. A letter published in the Bengali daily, *Ananda Bazar Patrika*, Calcutta, under the caption "Deaf Sanchaita, Dumb Government, What do we do?" in the issue of February 12 raised the question: If the Government had filed the case in our interest may we know ultimately how we are going to be benefited? If Sanchaita is deaf, the Government is dumb, then to whom we can approach for relief?"

The more important question is to consider how such an institution as Sanchaita Investments, floated by nondescript persons, could find so much of favour with such a large number of persons not only in Calcutta but all over India. Apparently this firm was not under any type of supervision by the Reserve Bank of India or any other government agency. But that did not deter persons to entrust even their last savings to this firm. Obviously, this was done only because the firm reportedly provided a much higher rate of interest than was available from deposits in banks and companies. Over the past three years the Wholesale Price Index (1970-71=100) rose by 50 per cent from 85.2 on January 27, 1979 to 278.2 on January 23, 1982 whereas the highest interest offered by the bank is ~~ten~~ per-cent for a fixed deposit of three years and above. There has been a deceleration in the growth of bank deposits, inasmuch as a considerable amount of money, which otherwise would have come to the banking channels, gets diverted to the corporate sector, which offers higher rates of interest, and to the informal money market where the interest rates are still higher. This is the most powerful factor impelling people even to take chance with their savings only in the hope of being able to secure a higher rate of interest to protect the value of their savings. That is how organisations like Sanchaita can come up and thrive. Which other business concerns could hope to mobilise so many crores of rupees as Sanchaita did in the brief spell of five years? A look at the finances of even the most important and prosperous companies does not disclose a comparable rate of growth. In other words, a situation in which the genuine industrial and commercial organisations cannot grow as fast as the less desirable ones calls for urgent attention.

Subhash Chandra Sarker

Punjab's deteriorating finances

CHANDIGARH

FOR the third year in succession, prosperous Punjab is finding itself in serious financial difficulties, and the end is not in sight because the basic causes continue. The major cause is the all-out effort to keep the agricultural sector free of additional levies and to supply both power for tubewells and irrigation from canals at rates which bear no relation at all to the costs of such supplies. The State's largest ever overdraft (about Rs 125 crores) next only to that of Rajasthan and West Bengal, is also due to these causes.

The Finance Minister, Dr Kewal Krishan, disclosed at Ludhiana on February 14 that 49 per cent of the total power generated in the State was being supplied to the agricultural sector. The State Electricity Board was charging the farmers only 13 paise per unit for the power supplied to tube-wells, while the cost of generation was 53 paise per unit. This will result in a loss of as much as Rs 87 crores by the end of the current financial year. Since there is no intention on the part of the Punjab Government to withdraw, or even modify this concession (in displeasing the farmers' lobby lies a major political risk for the ruling party), heavy losses on this account will continue.

Again, the rate charged by the government from farmers for canal irrigation water is believed to be the lowest in the country. The deficit to the exchequer on this account alone is estimated at nearly Rs 15 crores. The Planning Commission and the Central authorities have repeatedly urged state administrations to make irrigation and other projects economically viable, but the Punjab Government does not intend to modify its policy in this regard either. So the State's farmers will continue to get both power and irrigation facilities at very low rates — at the cost of the community. The urban sector will consequently continue to pay heavily for the facilities made available to the farming community.

Yet another source of continuing losses is the *PEPSU Roadways Corporation* which has for years been in the red, even though its buses are overloaded almost each time and there is no apparent reason for incurring losses in running the services. The Corporation's losses are put at Rs 16 crores and those of Punjab Roadways at Rs 4 crores up to the end of the current financial year. Punjab Roadways finances may improve and the losses are likely to be made good in the coming year, but *PEPSU* Roadways affairs, it is feared, may continue to be in a mess because of the corruption, substantial leakage of revenue, lax supervision and utter inefficiency.

Punjab's annual budget deficits tell the story of the State's financial mismanagement. The budgetary gap in 1979-80 was put at Rs 29 crores; it rose to Rs 67 crores in 1980-81, and was estimated at Rs 113 crores in the 1981-82 budget. The State Government's additional resources mobilisation effort to bridge the gap was poor, obviously for political reasons. Only a sum of Rs 7.8 crores was mobilised over a three-year period since 1977-78.

Unofficial foreign currency rates in Hongkong as on 1-3-1982

	High	Low	T.T
Australian $	6.37	6.29	6.4660
Belgian Franc (100)	12.90	11.80	13.805
British £	10.90	10.60	10.885
Burmese Kyat (100)	25.00	15.00	
Canadian $	4.83	4.78	4.9140
French Franc	0.985	0.95	0.9980
Indian Rupee (100)	53.50	51.00	64.70
West German D.M.	2.51	2.44	2.5352
Indonesian Rupiah (100)	0.90	0.85	
Italian Lira (100)	4.50	4.25	
Japanese Yen (100)	2.535	2.46	2.5605
Korean Won (100)	0.85	0.78	
Malaysian $	2.57	2:53	2.5975
Netherlands Guilder	2.29	2.23	2.3070
New Zealand $	4.80	4.60	4.7500
Pakistan Rupee (100)	4.30	3.80	5.700
Philippine Peso	0.695	0.66	0.7275
Singapore $	2.82	2.77	2.8445
South African Rand	5.40	5.20	6.1430
Sri Lanka Rupee (100)	30.00	23.00	
Swiss Franc	3.15	3.09	3.2005
Taiwan $ (100)	14.70	14.50	
Thai Baht (100)	26.20	25.50	

But according to reports made available at the end of January, the State' income may reach a record figure of R 2,364 crores by March 31, 1982, while in 1979-80 it was Rs 2,112 crores. The annua growth rate is thus put at 5.8 per cent. However, the Planning Commission recently warned the State Government tha a cut would have to be made in its Annua Plan (1982-83) if the State's financia position was not improved. The additiona income expected this year is the resul of a general buoyancy of revenues, largely because of the notable performance in agriculture and the higher prices of farm products.

Crisis in HDPE units

BOMBAY

THE high density polyethylene (HDPE and polypropylene (PP) woven sack industry in India has been hit by the Union Agriculture Ministry's directive to fertiliser units to use jute bags instead of HDPE/PP bags. The Fertiliser Association of India also has issued a similar directive. If implemented, the directive could result in closure of several units, according to the All India Flat Tape Manufacturers Association. It states that about 30 per cent of units in the country have already closed down because the use of these bags in India is restricted (they cannot be used for packing sugar and cement) and the cost of their manufacture is higher by 25 per cent because of the high costs of petro-based inputs.

Mr B. Vittal, president of the Association, said the outcry by the jute industry against synthetic bags was unwarranted. The share of synthetic bags in the packing industry in the country was about 5 per cent and could hardly be considered a threat to the jute industry. In fact, synthetic bags were purchased by fertiliser companies because farmers preferred to buy fertiliser packed in synthetic bags, which minimised possibliities of pilferage and loss. Non-availability of raw materials constitutes another major problem. The 175 small-scale units in the country, which manufacture synthetic bags, have a production capacity of 26,000 tonnes per annum. Last year, they processed only

12,500 tonnes of HDPE because of non-availability of the raw material. Polyolefins Industries Ltd, Bombay, is the only manufacturer of HDPE granules in the country and can supply the units with around 5,000 tonnes per annum. Imports of HDPE are also difficult.

Mr Vittal also pointed out the cost disadvantage the industry suffered *vis-a-vis* the jute industry. The cost of HDPE in the domestic market today is Rs 23,000 per tonne against a price of Rs 7,000 in 1970. The cost of excise and customs duty on this material is also high. The association has, therefore, asked the Government to consider excise rebate on this material and withdrawal of the directive to fertiliser units in the country to use only jute bags.

TEXTILE EXPORTS

EEC to work for anti-surge mechanism

BRUSSELS

A high level team from the EEC is visiting the Indian sub-continent this week for exploratory talks with India, Pakistan and Sri Lanka over the bilateral agreements to be negotiated under the Multi-fibre Agreement as extended last December. The team, which is headed by Mr Horst Krenzler, was scheduled to reach New Delhi on March 14.

In all the three countries it will outline the terms on which the community is prepared to conclude a new agreement and take note of initial reactions and any counterproposals. As the EEC plans, however, to conduct a similar exercise with all its "low cost" suppliers, it views the talks in New Delhi — as indeed in all other capitals — as the necessary prelude to formal negotiations. These probably will not begin until May. In the meantime, the EEC will see just how far it can go towards meeting the wishes expressed by the exporting countries during this first exploratory phase.

The European Commission, which is negotiating on behalf of the ten member

MONEY

Training for customer service

BANKERS need to be trained afresh and extensively in the art and science of giving good customer service. There are many elements of good customer service which are well-known, — prompt cash payments and receipts at the counter, efficient passbook and statements service, reasonably quick collection and remittance services, early decisions on credit applications, patient attention to complaints and service with a smile. May be something more or less is required, but these are the areas which constitute 90 per cent of public dissatisfaction with banking services.

But that is not the point of good customer service. It is actually quite different. The quality of customer service in banks has sunk to very low and poor levels, because of two vastly different reasons.

First is that even simple daily routine services have broken down. Being in a sellers' market, bankers have forgotten the distinction between internal accounting and administrative routine and attention to the customers over the counter or across the tables. Thus issue of a cheque book takes 20 to 30 minutes because the officer or accountant is busy passing cheques or signing vouchers or checking registers. Simple task of writing a few entries in the passbook takes a long time, because the counter staff is busy in hundreds of small routine tasks. As a result, banks have increased their own work — they accept passbooks for updating against a receipt! In the time taken for writing receipts, most passbook entries could be made.

In this area, bankers need to segregate their internal accounting and administrative tasks from the counter service tasks. As long as customer is present on the premises, he should get a priority over the purely office tasks of recording, balancing, checking and signing. All this would present many bottlenecks to the bankers, because they are still thinking in terms of their own existing systems of allocation of work, and of writing, checking, balancing and accounting for transactions. These days with a large increase in the number of accounts and customers, in the number of members of the public on the bank premises and a very high number and complexity of transactions, the entire systems, procedures and practices of work allocation, distribution and checking need to be internally reorganised, so as to deploy the entire staff in attending to customers during business hours and to use them for accounting, balancing and administrative tasks after the business hours are closed.

The second area in which customer service is lagging behind is that of special situations. If the state of customer service in the routine areas of work leaves much to be desired, what to say in respect of special situations? The moment there is the slightest departure from established rules and practices, almost the entire machinery of banks freezes to a stop and no one is willing or able to take a decision. No one appears to have the power or authority to take a decision, nor the insight, understanding and willingness. No one is prepared to go behind the transactions to their real purpose and bend the rules to facilitate them.

Examples of this indifference are many. Even to-day there are hundreds of bank accounts which are in a single name. Every week bankers come across many cases of difficulties where death of an account holder has occurred. Yet bankers would not go out of their way to advice and even compel these customers to open an either or survivor account. Similarly, even today many banks negligently continue to issue loose leaf cheques.

But few bankers would go beyond the rules for creative purposes to remove genuine difficulties of the customers. This is where training for better customer service is most required for bankers.

S.G. Shah

states, has been allowed very little room for manoeuvre. The fact is that the latter have already fixed both the global ceilings and annual growth rates for the eight highly sensitive categories in Group I.

Under-utilised Quotas

While these growth rates are not negotiable, the commission can eventually increase its initial offer as regards quotas. This is because the global ceilings include a certain quantity to be imported from developing MFA countries. How this quantity is distributed among these countries is up to the commission, bearing in mind that the basis for the 1983 quotas will be a country's 1982 access rights — *i.e.* quotas.

The Indian negotiators would probably find the commission team slightly more accommodating were it prepared to forego some of its under-utilised quotas. Thus, by accepting lower quotas for cotton yarn and fabrics for which utilisation rates were 7 and 32 per cent last year, India could effectively demand larger quotas for three Group II items — women's dresses, skirts and woven suits Categories with substantial underutilisation—they include men's shirts, household linen and women's underwear—would remain subject, in any case, to the basket extractor mechanism, a feature of the 1977 agreement which the EEC wants included in all new agreements. In fact it wants quotas fixed under this mechanism to be maintained under the new agreements, and even extended to all Common Market countries if they already apply to most of them.

The EEC team will also be seeking Indian acceptance of anti-surge mechanism, which some member states want to see applied from this year. The commission, in fact, has been asked to keep a close watch on all imports of restricted items and to invoke the review clause, or take anti-dumping action whenever it feels that exports are being artificially boosted this year to prevent anti-surge clause being used in 1983.

Under MFA-III such a clause can be written into the new bilateral agreements, provided the exporting country is given "equitable and quantifiable compensation." The compensation the Community is offering would consist of additional quotas for outward processing traffic; for example Common Market sources believe this to be in the long term interest of developing countries, including India, in that European firms would supply not only the cloth to be made into shirts, but also technology, help in training workers and provide an assured outlet for finished product. These sources maintain that by taking a favourable attitude to outward processing India would find the EEC's negotiators more accommodating.

Textile industry against voluntary closure

MADRAS

TEXTILE mills in Tamil Nadu have opposed the recent directive by the Tamil Nadu Electricity Board to high tension industries to agree to a voluntary closure one day in a week. This is a camouflage to create an impression that all is well on the power front, which actually is not so, according to the mills. The Minister for Electricity, Mr. S. Ramachandran, had made statements on more than one occasion that there would be no power cut in the State this year. Such a pious hope is expressed every year but power cut had become an unavoidable feature year after year. There is no denying the fact that power generation in Tamil Nadu had not come up to the Government's expectation and there is an acute power shortage which really calls for an official power cut instead of erratic stoppages of power supply in various areas at odd hours under various pretexts.

The fact of the situation is that power generation in the State had begun to deteriorate right from December 1981. The situation became quite acute in January 1982 with interruptions in supply stretching to 14 hours a day, especially to textile industry. Such unnotified interruptions caused production schedules and employment planning to go haywire. After repeated representations by the textile industry, the Pykara electricity system in Coimbatore regulated power interruptions to six hours a day: from 5 a.m. to 8 a.m. and 5 p.m. to 8 p.m. This virtually amounted to a 25 per cent cut. Mills in rural areas were the worst hit as in their case power interruptions were totally arbitrary and extended anywhere from 6 to 11 hours a day.

Industries were assured that power shortage was only a temporary phase and would end as soon as the two 210 mw units in Tuticorin thermal station resume operations. The Minister's suggestion that industries can tide over the situation by working their standby generators during peak hours is considered by entrepreneurs as impracticable. They feel that captive generation could only supplement and not substitute grid supply. The textile industry feels that the Electricity Ministry had "deliberately" refrained from introducing a suitable demand cut for high tension industries and regulating power supply for two shifts in low tension industries — which was a common practice in the State during previous summers. They also feel that the agricultural load could be staggered as in the past. If such measures are taken they will help keeping the textile mills going, production maintained and layoff of workers avoided. The proposed one-day power shutdown would lead to lay-off of as many as 1.25 lakh workers in the textile mills in Tamil Nadu.

Textile mills in the State work all the seven days in the week. If mills are forced to introduce a one-day shutdown there would be an enormous shortfall in yarn production and prices will shoot up. The handloom and powerloom sectors would be the worst sufferers. It has been estimated that as a result of the one-day-a-week shutdown and interrupted supply on other days, in all making a power cut of 25 per cent, the textile mills would stand to lose Rs 50 lakhs per day in terms of production and Rs 20 lakhs as lay-off wages to workmen per day of closure. This would add an additional burden of Rs 4 crores a month to the production cost to the mills. Cotton farmers will also be hit hard as demand for the crop would slacken, more so because textile mills in Bombay are already on strike for quite some time now.

Total energy consumption per day in Tamil Nadu is estimated at a record 36 million units. Gross generation could not be maintained at this level without a major contribution from hydel plants. With the closure of Mettur reservoir shortly with onset of summer to enable water to be let out for agriculture, and hermal power stations not exactly in the pink of health, the State has no alternative but to seek power from other States. But Andhra Pradesh is already finding it difficult to honour its commitment to Karnataka and the agreement with Kerala is yet to be renewed. It is high time the State Government acts realistically by introducing a formal demand cut in the State.

Finances assured for bio-gas development

BOMBAY

WHAT India lacks in the field of bio-gas development is not resources but efforts. Even though India has plenty of cattle, it is unfortunate that it has not yet been able to make use of this asset to the extent desired. The benefits of full exploitation of potential in the field of bio-gas would not only be direct in terms of the greater availability of fuel and energy but also indirect in terms of saving of forests as trees are at present being cut and the wood burnt for energy purposes. Making these observations at the inaugural function of the Orientation Course on Bio-gas Development, held in Bombay recently, Mr D.D. Chavan, Maharashtra's Minister for Rural Development, assured the participants that ample finances would be available for the further development of bio-gas programmes.

The Course was organised by the Agricultural Finance Corporation in collaboration with the Union Agriculture Ministry for the benefit of the bankers, state and district level functionaries and representatives of the Khadi and Village Industries Commission (KVIC) from the states of Maharashtra, Karnataka and Goa.

In spite of the advantages that India has in view of the large cattle population as also as a pioneer of the technology, the progress of the programme has been extremely slow.

The Union Government has, therefore, launched a major initiative in the form of the National Project on Bio-gas Development, with an outlay of Rs 50 crores and an initial target of four lakh bio-gas units during the Sixth Five-Year Plan (1980-85). In view of the high priority attached to this programme, the project has been approved as a hundred per cent centrally-assisted scheme.

The National Project on Bio-gas Development provides not only subsidies to beneficiaries but also organisational support to State Governments, cash incentives to village functionaries, assistance to corporate bodies and recognised voluntary organisations for turn-key jobs, support for training in construction and maintenance. Also for its smooth implementation, special quotas of cement and steel have been obtained by the Union Agriculture Ministry for reallocation to state governments and implementing agencies.

AFC's role

Mr Ghulam Ghouse, Managing Director, Agricultural Finance Corporation, said that the ultimate target was to put up one million bio-gas plants in India. He pointed out that even though the Sixth Plan had provided for an outlay of Rs 50 crores for the National Project on bio-gas Development, this amount would have to be supplemented with bank finances. In this context, he pointed out that the banking sector had already invested Rs 30 crores in the field of bio-gas plants. Mr Ghulam Ghouse also told the participants that it was the AFC that had made bio-gas plants bankable projects by carrying out the feasibility studies.

KVIC's contribution

Mr S.S. Mahdi, commissioner (fertilizer promotion), in the Union Agriculture Ministry, appreciated the role played by the KVIC in the promotion of bio-gas technology. He said that through the efforts of KVIC, about 7,000 bio-gas units had been set up between 1962 and 1973-74. He said that though the Government had now decided to adopt a multi-agency approach to the development of bio-gas programmes, KVIC would continue to be associated as one of the agencies.

Mr Mahdi also said that the target of four lakh plants for the Sixth Plan was very conservative as, in his view, the actual potential was for ten million plants. He pointed out that at present, on an average, there was only one plant per village. Therefore, progress at geometrical rate was required to tap the potential.

Chinese experience

Mr Mahdi further said that China, although a latecomer as compared with India, has already put up seven million bio-gas plants and had now decided to give this subject an added impetus. He pointed out that in China, the regional progress in the field of bio-gas plants was not uniform and said that the Chinese experience had showed that success of this programme depended on the interest exhibited by the local political leadership therein.

Mr Mahdi underlined the need for including bio-gas as a subject in the syllabus formulated for training of bankers. At the same time, there was also the need for special intensive training programmes in the field, he said.

INFRASTRUCTURE

Cabinet committee to tackle deficiencies

BOMBAY

A cabinet committee will periodically review the performance of various key sectors such as railways, power and coal to remove bottlenecks in their functioning, Mr S.B. Chavan, Union Minister of Planning and deputy chairman of the Planning Commission, said at a seminar on infrastructural requirements for industrial growth, organised by the All India Association of Industries recently in Bombay. The full benefit was not being derived from investments made in the creation of capacity in various sectors because of infrastructural deficiencies. In the case of steel ingots, capacity utilisation was 77 per cent in 1978-79, 76 per cent in 1979-80 and 64.50 per cent in 1980-81. During the first nine months of 1981-82, it fell to 55.43 per cent. In cement, capacity utilisation in the last four years was 85.59, 66.31, 72.63 and 62.88 per cent respectively.

Power, Mr Chavan said, was an essential input in the process of economic development. The growth of the electricity sector has not kept pace with the rise in power demand in the past few years. There are persistent delays in construction of projects. The commissioning of new capacity has thus fallen short of target year after year. The shortfall was more than 50 per cent in the Fourth Plan and nearly 40 per cent in the Fifth Plan. Delays in delivery of equipment, poor project formulation by the state electricity boards and management mistakes have contributed to the present power shortage. The poor performance of thermal stations has aggravated the crisis. The Government has taken steps to better this performance and the power generation target of 130 billion kwh set for the year 1981-82 is likely to be achieved.

Commenting on road and railway development in the country, the Minister said, railways had lost traffic to roads because they could not perform pick-up, delivery and terminal operations as efficiently as road transport. In areas not served by railways, roads are the only means of transport. In the planning process priority was being given to the upkeep and optimum utilisation of roads.

Mr Ghanshyam Binani, president of the Association,said, the main areas of concern were the full utilisation of capacity created in the past three decades, the installation of additional capacity and the computation of their cost to industry and consumers.

Examining the energy scenario in the world and India, Dr A.K. Malhotra, Member (Exploration) ONGC, said, conventional energy sources together with non-commercial sources would be the mainstay of all major energy consuming sectors in the next two decades. This interregnum has to be used to shift the economy from its reliance on oil towards the greater use of hydel power, coal and other alternative energy sources. The strategy he suggested was in the short term to intensify the search for oil and gas in the medium term to focus on hydel and thermal power generation, and in the long term to develop R&D for nuclear power plants.

Disclosing ONGC's five-year plan to cover the Sixth Plan period he said, the plan envisaged the drilling of 95 exploratory wells and 229 development wells, the installation of 50 platforms and 300-400 km of submarine pipelines. With these efforts, ONGC planned to produce 63 million tonnes of oil during this period effecting a foreign exchange saving of Rs 10,000 crores to Rs 12,000 crores.

INDIAN ECONOMY : BASIC INDICATORS

By Commerce Research Bureau

WEEKLY INDICATORS

Wholesale Price Index (1970-71=100)

	During the week ended				Percentage variation			
	Feb. 13 1982	Feb. 6 1982	Jan. 16 1982	Feb. 14 1981	Over a week	Over a month	Over a year	Over two years
Manufactured products	261.1	261.6	263.2	262.1	−0.2	−0.8	−0.4	12.6
Primary articles	265.1	264.9	265.1	253.9	0.1	—	4.4	22.2
Fuel, power, lubricants etc.	437.5	437.5	437.5	387.3	—	—	13.0	44.2
All commodities	277.7	277.9	278.7	269.3	−0.1	−0.4	3.1	19.9

Money and Banking

	During the week ended				Percentage variation			
	Feb. 19 1982	Feb. 12 1982	Jan. 22 1982	Feb. 20 1981	Over a week	Over a month	Over a year	Over two years
Money supply (M3) (b) ..	61,366	61,525	61,363	53,865	−0.3	—	13.9	33.6
Bank credit	29,928	29,900	29,726	24,971	0.1	0.7	19.9	41.2
Aggregate deposits ..	43,178	43,194	43,447	37,102	—	−0.6	16.4	38.1
Foreign exchange reserves (a)	3,584	3,609	4,176	5,144	−0.7	−14.2	−30.3	−39.4

MONTHLY INDICATORS

	Latest month			Previous month	Percentage variation over previous month	Recen-trend (per cent)
	Unit	Month	Amount/ Index			
Industrial production (crude Index) ..	1970=100	Jan. 1982	173.3(a)	175.1(a)	−1.0	8.9
Exports	Rs. crores	Nov. 1982	581	588	−1.2	5.5
Imports	Rs crores	Nov. 1982	1,111	805	38.0	3.0
Trade balance	Rs crores	Nov. 1982	−530	−217	—	—
Foreign exchange reserves (a)	Rs crores	Jan. 1982	4,025	3,940	2.2	−18.2
Wholesale price Index	1970-71=100	Jan. 1982	278.7	277.7	0.4	10.3
Consumer price Index for Industrial workers ..	1960=100	Dec. 1982	460	462	−0.4	13.4
Unemployment (d) ..	Lakhs	Aug. 1981	171.6	170.1	0.9	9.6

ANNUAL INDICATORS

	Unit	1981-82	1980-81	1973-74	Percentage variation in 1981-82 over 1979-80	Annual growth rate between 1973-74 & 1981-82
Gross national product (at market prices) ..	Rs crores	1,45,000(a)	1,30,000(a)	53,447	11.5	13.0
Per capita GNP (at market prices)	Rupees	2,100(a)	1,952	923	7.6	10.8
Real national income (at 1970-71)	1970-71=100	145.4(a)	139.2	105.4	4.5	4.1
Real per capita income	1970-71=100	113.8(a)	110.1	98.5	3.4	1.8
Agriculture production	Triennium ending (1969-70=100)	139.3	135.2	112.4	3.0(b)	2.7
Foodgrains production	Million tonnes	134.0	130.0	105.0	3.1(b)	3.1
Industrial production	1970-100	166.3	154.0	112.6	8.0(b)	5.0
Exports	Rs crores	7,700	6,709	2,523	14.8(b)	15.0
Imports	Rs crores	13,200	12,465	2,955	5.9(b)	20.6
Trade balance	Rs crores	−5,500	−5,756	−432	— (b)	—
Foreign exchange reserves*	Rs crores	...	5,316	764	...	...
Money supply (M3) (c)	Rs crores	...	55,314	17,571	...	...
Bank credit..	Rs crores	...	25,270	7,339	...	...
Aggregate deposits ..	Rs crores	...	37,847	10,139	...	...
Wholesale prices average	1970-71=100	282.3	257.3	139.7	9.7(b)	9.2
Consumer Price Index for industrial workers	1960=100	...	420	275	...	...
Unemployment (d)**	Lakhs	...	162	82	...	...

Notes : (a) CRB estimates (b) estimated (c) Includes currency with the public, deposit money of the public and time deposits with banks (d) Number of jobseekers on live register of employment exchange (e) Percentage as compared with the corresponding period in the preceding year. * Financial year-end data ** Calender year-end data (...) = Not available.

Closer links between Calcutta and Haldia

From P.C. MAHANTI

CALCUTTA

THE despatch of containers by barges from Calcutta to Haldia introduced from February 24 removes a long-felt deficiency in the development of container traffic from Haldia port. Some 38 containers stuffed with high quality rice, pulses, spices, jute goods and machinery were carried by a private company to Haldia from where these goods would be despatched to the UK by a Soviet vessel. The new container service is a way is the beginning of more integrated operations of the Calcutta—Haldia port complex and perhaps indicates the fact that the protagainsts of the move to delink Haldia from Calcutta are losing their enthusiasm for the cause.

It is true that the labour disputes and operational inefficiencies of Calcutta port were responsible for Calcutta exercising a harmful effect on Haldia's efficiency, but then the remedy would not lie in separating their operations but in bringing about a more integrated and closer relationship between these two, by improving Calcutta's operations. It has to be remembered above all that Haldia has been designed and built as an auxiliary port to Calcutta and, therefore, its operational efficiency vitally depends on infrastructural and other support that Calcutta can provide. For example, Haldia has an excellent container station but the traffic has not developed sufficiently to utilise that capacity. This is because all manufacturing activity is concentrated in Calcutta which is also the premier trading centre in Easter India. The shippers find it very expensive to despatch their goods all the way to Haldia by road whereas the container service by barges from Calcutta brings down the transport cost by as much as 75 per cent. One proof of how expensive it is to send container cargo to Haldia is provided by the statistics of container traffic from the two ports in the month of last January. The figures, compiled by Calcutta Port Trust authorities, show that while Calcutta handled 3,150 containers in that month, Haldia handled only 800.

In these days of container revolution, it is simply unwise to think of delinking Haldia from Calcutta. At least the facts cited above prove the point quite conclusively. However, certain infrastructural deficiencies prevent Calcutta port from realising its full potential as a container port and the handicaps are many. First of all containers are being loaded into vessels from a few sheds from Netaji Subhas Dock and these are very inadequate. It is time steps were taken to build a full fledged operational container terminal here. The cost of both labour and materials handling per tonne of containerised cargo is as high as Rs 240 at Calcutta compared to Rs 175 in Bombay and only Rs 95 in New York and in incredibly low figure of Rs 47 in Singapore. It is obvious that the traffic at Calcutta has to be economically more attractive to draw in more traffic. As Mr S.B.R. Naidu, chairman of Calcutta Freight Brokers Association, has pointed out Calcutta port, together with Haldia, handle only 8.55 million tonnes in 1979-80 as against 11 million tonnes in 1964-65. The only way the ports can increase their traffic is to go in for more and more containerisation. These would not be possible unless Calcutta port had a full-fledged container berth from where barges can carry more containers to Calcutta, more fork lifts and materials handling equipment were adequately available, road conditions in the port area were improved and Haldia port provided more covered areas for stuffing on containers. Moreover, Haldia has yet to develop has a full-fledged township and is, therefore, failing to attract containerised or break bulk cargo in any sizable quantity.

EASTERN INDIA TODAY

Mr Naidu has pointed out an important development in the matter of containerising cargo which promises to bring down shipping costs considerably. This is the stuffing and stripping of containers at the exporters and importers own premises resulting in speed and economy of cargo throughout at the ports and in turnround of vessels. This has not been really tried in India yet but judging from the experience of the inland container depot in Bangalore certain hurdles which could arise should be borne in mind. For example, the combined transport document which is fundamental in working multi-modal transport from an inland depot to a port creates problems for the shippers. The documents as it stands cannot be negotiated by banks immediately after the cargo has been stuffed and some uncertainty also arises as to the effective dates for claim for duty drawback or cash compensatory support. And uncertainty may also arise in the matter of new custom levies that may be imposed.

It is perhaps a matter of time before many more inland container depots are set up in the country and a way will be found to get round these difficulties. However, as far as the Calcutta port is concerned the immediate problems relate to the existing unsatisfactory infrastructure. Unless sufficient fork lifts are immediately available there will continue to be unnecessary detention of lorries for stuffing and destuffing of containers. The existing road conditions cause frequent transport breakdowns delaying operations further. The warehouse area has been damaged with the weight of the containers movement and of fork lifts, trucks etc and not more than two rows of the containers can be kept at a time. Hence the need for a full-fledged operational container berth.

Despite these and the high charges at Calcutta port-which still remains as high as Rs 240 per tonne of cargo handled despite some recent cuts-it is interesting to find that Indian container lines (ICL), formed by the Shiping Corporation of India, Scindia Steam Navigation Co and India Steamship, which took the initiative in April 1981 in introducing containerised vessels for sailing to the UK and Continent, have carried over a period of eight months ended last January, some 3,700 container units spread over some 13 sailings. These may not be as much as ICL wanted to carry but as Mr Naidu has pointed out, relative to 5,500 container units handled both by Calcutta and Haldia two years ago, the ICL's performance is not bad at all. The British and Continental lines under the acronym of *cobra* are to provide container services soon. This may mean some competition to the Indian shipping companies concerned but will surely be welcome from the shippers point of view and from that of Calcutta port as well.

Publications From The
United Nations

Economic and Social Survey of Asia and the Pacific 1980

1981	US $ 11.00
World Economic Survey 1980-81	
1981	US $ 8.00
Economic Survey of Europe in	
1979	
1980	US $ 17.00

The present Good Offices Committee Rates is Rs 9.60 to a US $

Oxford Book & Stationery Co.

Scendia House
New Delhi-1

17, Park Street
Calcutta-16

OECD

BOOKS FROM OXFORD & IBH

PLANNING IN INDIA – Mrityunjoy Banerjee
An upto date and comprehensive survey of the different plans. Rs 75.00

INNOVATIONS IN BANKING – C. Rangarajan
Describes and analyses the changes that have occurred in the Indian banking system since nationalisation. To be released shortly.

PERSONNEL MANAGEMENT IN GOVERNMENT – M.A. Aleem
Deals with several aspects of Personnel Management and its problems. Rs 60.00

STRATEGY FOR INDUSTRIAL DEVELOPMENT IN THE 80's – C. Rangarajan, ET. AL
Discusses on the planning/execution of viable strategies for industrial advancement Rs 60.00

OXFORD & IBH PUBLISHING CO.,

17, Park Street
Calcutta-700 016

66, Janpath
New Delhi-110 001

Order from :

OXFORD BOOK & STATIONERY CO.
Scindia House, New Delhi-110001
17, Park Street Calcutta-700016.

SUPPLEMENT
to
KANGA & PALKHIVALA
The Law and Practice of
Income tax

Universally acknowledged to be a classic in the field of Indian jurisprudence and the most authoritative commentary on the subject.

The SUPPLEMENT has been necessitated by the avalanche of case law and important statutory changes since the 7th edition was published in December 1976 (2 volumes, Rs. 280). It includes for ready reference, the text of the entire Act as amended up to date.

1982 *Rs. 180*

N. M. TRIPATHI PRIVATE LTD.
164, SHAMALDAS GANDHI MARG, BOMBAY 2

Energy in the Developing World

The Real Energy Crisis

Editors : VACLAV SMIL & W.E. KNOWLAND

Developing countries are the ones facing a real and deepening energy crisis. 'Crisis' for the Western world may mean just a reduction of predominantly wasteful practice and a lowering of ever-higher expectations, but in the Third World the energy crisis is a matter of economic survival This book of readings provides a comprehensive review, analysis and summary of energy in the developing world.

Global and general views in the first two sections, dealing with energy and development and energy resources and uses, are followed by about a dozen national profiles. The energetics of the world's two most populous countries—China and India—and of Brazil, Latin America's largest nation, is dealt with in greater detail in three separate sections. Shorter reviews are presented in the last two parts devoted tc Africa and to Asia and Central America.

Cloth boards Rs100

OXFORD UNIVERSITY PRESS

Bombay Delhi Calcutta Madras

BOOKS & IDEAS

Socio-economic conditions of contract workers

Contract Labour in Construction Industry
by S N Guha Thakurta
Firma KLM Private Limited, Calcutta,
Pages 131 + xvi; Price Rs 40

The construction industry forms an important sector of the national economy. According to the latest available national accounts statistics the contribution of the construction sector was Rs 4,646 crores. i.e. 5.7 per cent of the total Net Domestic Product of Rs 81,429 crores for 1978-79 (at current prices). As per the 1971 census the employment in construction industry in the country as a whole was 22 lakhs i.e. 1.23 per cent of the total employed population. The Gross domestic fixed capital formation in the construction industry has gone up significantly during the last 18 years. It was Rs 2,098 crores in 1960-61 and went upto Rs 10,855 crores in 1978-79. Though the industry is vital for the development of the country there has not been much information available about the socio-economic conditions of workers in that industry apart from two surveys of the Labout Bureau, one in 1954 and the other in 1959 and NSS (National Sample Survey) Ninth Round (1955). This is mainly so because of the unorganised nature of the industry.

The author in the book under review has tried to fill this vital information gap. He carried out a sample survey in Tripura during 1967-68 of persons engaged in road and building construction. Eighteen projects were covered by the survey. He collected the field data through two questionnaires, one for the contracting firm and the other for the labourers. A fairly large sample was taken. Works costing less than Rs one lakh were excluded. The results of the sample survey are presented in Chapters III to VIII. Some survey findings relating to age-group and sexwise distribution, occupationwise distribution, method of recruitment, distribution by income and number of family members and educational level of the workers are given in Chapter III itself.

In Chapter IV, the author notes that monsoon is not necessarily a major deterrent factor causing fluctuations in employment in the industry. Other factors like social customs, general level of business activity and of employment also contribute to seasonal employment in construction industry. He finds from the survey that 80 per cent of skilled labour and 55 per cent of unskilled labour are employed in the industry for an average period of nine months or more in a year. Also there are fewer factor bottlenecks in the private sector as compared to the public sector. The period November to March is found to be a good working season for the industry. Chapter V deals with wages in the industry and analyses the factors determining wage rates of unskilled labour. By statistical analysis he finds that about 53 per cent of the total variation in money wage index over a 13 year period (1956-1968) is explained by use of a regression equation which shows that for every one per cent increase in food prices there would be a rise in money wages to the extent of 0.182 per cent and further that one per cent increase in the index of construction workers (the demand for labour) would be followed by an increase in money wage to the extent of 0.292 per cent (p.53). During the course of 13 years though the money wage increased by 40 per cent, the price of coarse rice (which is the most important item of consumption of the construction labourers) went up by 200 per cent. In other words, he observes, the real wage in 1968 went down to less than half of the 1956 level.

Chapters VI and VII deal with wage structure and methods of wage payment. Table 6.1 gives the wage differential by skill (Masons and unskilled labourers) in different States of India: 1954-61, while table 6.2 presents similar data for Tripura over a 18 year period ending 1968. It is found from the sample survey that about one-fifth of the total labourers surveyed were working on piece-rate, the rest four-fifths on time rate.

Chapter VIII deals with minimum wages in construction industry. Various methods in force for this purpose have been discussed in detail and the author has drawn upon from the copious literature on this subject including the Fair Wages Committee Report, 1952, the International Labout Organisation's (ILO) publications, the National Commission on Labour's Study group report (1968) as well as the Bhoothalingam Committee's report on Wages, Income and Prices (1978). He rightly emphasises the importance of the need based minimum wage provision for the construction workers because of their unorganised character. Chapters IX and X deal with labour welfare measures and social security respectively. In the latter chapter he notes that there is no weekly paid holiday for the construction workers and pleads for some compensation for loss of working time because of bad weather and/or factor-bottlenecks. Chapter XI gives concluding observations of the author on the problems of construction industry workers.

The Food-for-Work Programme (FFW) and the National Rural Employment Programme (NREP) have recently contributed substantially to the solution of the problem of seasonal unemployment in the country including Tripura (which came under the FFW in 1979-80). About one crore man-days of employment was generated in Tripura in 1979-80 as against about 58 crores in the whole country under the FFW. As is well-known these programmes provide employment mainly on construction activities for creation of physical assets such-as roads, irrigation works and construction of school buildings, panchayat ghars etc. It is expected that this programme would help in some way to relieve the economic backwardness of this small State of 20 lakh population (1981 census).

The author has made a commendable effort to focus attention on the problems of construction workers not only in Tripura but in the country as a whole. Reference at length to construction labour in Europe and America however seems at times unnecessary as the conditions there are totally different as compared to our country and detract from the value of the book. Also the survey data refer to a somewhat too old period (1967-68) as compared to the year of publication (1980).

D. R. Deoras

Microelectronics Revolution: Implications for the Third World

IN an article in *Development Dialogue*, published by the Dag Hammarskjoeld Foundation, Uppsala, Dr Juan F. Rada, attempts to show how the unfolding information technology affects Third World countries and poses a challenge to traditional development strategies. Dr Rada, a faculty member at the International Management Institute, Geneva, in summing up states that : 'data' information and new productive infrastructure should benefit not only the few; we cannot have a world divided between information "poor" and "rich".

Dr Rada adds : "The Third World's capacity in science and technology is a well-debated issue and the world imbalance in this field is too well documented to be repeated. The point now is that most industries are actually in the process of moving towards the 'high technology' category or can potentially move in that direction due to a combination of socio-economic and technological developments.

"Due to the application of microprocessors, microcomputers, alteration of products and processes, office automation and other changes, the productivity increase in industrialised countries is at or can potentially reach levels which are competitive with low labour costs.

"Automation, by reducing the importance of direct labour cost in total business cost, implies that the incidence of this factor of production diminishes and other, such as capital equipment, design and management, become much more important. At the same time, there is a shift of skill requirements towards software-based and system engineering skills which are more difficult to attain and develop than those commonly used in basic industries in the past.

"The technical and international division of labour is acquiring a new dynamism which calls for a reconceptualization of traditional thinking. The theory of comparative advantages was classically defined by Paul Samuelson when he said that it is 'better for fat men to do the fishing, lean men the hunting, and smart men to make the medicine'. But what happens when the fat men do the fishing, the hunting and make the medicine? What happens when electronics becomes a *convergence* industry, indispensable to other industries, conditioning skill requirements and affecting employment levels? What will this mean for development strategy in terms of productive infrastructure? What will this mean for development strategy in terms of productive infrstructure? What of the Third World's hopes of acquiring a powerful industrial capability? Even under the most optimistic assumptions, it will not be possible to meet the 'Lima Target' by the year 2000, without even considering present technological changes and trends.

"The industrialised countries have engaged themselves in a far-reaching policy of readjustment provoked largely by competition among themselves, lower growth prospects, high and most likely higher unemployment in the future, higher energy costs, and competition from some Third World countries. One of the most important tools in this readjustment process is the use of new technologies, particularly microelectronics, for the upgrading of products and processes.

"The Advisory Council for Applied Research and Development (UK) summarised the position by stating: 'If we neglect or reject it (semiconductor technology) as a nation, the United Kingdom will join the ranks of the underdeveloped countries'.

"Trends in several industries show changes in investment patterns and location of facilities, and industries which were potential candidates to move South will remain in the North.

"The electronics industry has traditionally used offshore installations for the assembling and wiring of 'chips'. Now, due to automatic techniques, the industry is developing its new generation of plants in the industrialised countries. The companies see automation as the only way to minimise costs, increase efficiency, maintain employment levels in industrialized countries and be closer to the majority of end-users.

"The latest main investments in the field of integrated circuits are in the US, Japan, England, Scotland, Ireland, France and West Germany. Some operations will remain in Third World countries in order to exploit regional markets or for the assembling and testing of simpler 'chips' where the production volume does not justify automated plants. Additionally, some plants are moving from higher-cost Asian countries (Hongkong, Taiwan, Republic of Korea and Singapore) to Thailand and The Philippines in an effort to cut costs further. The rate of plant reallocations will depend on the investment policy, amortisation and financial constraints of each company. It is clear, however, that the trend is well under way.

"Other examples of this trend are textiles and garments, although the tendency is less apparent. The situation here might not be one of withdrawing plants from the Third World, but rather to maintain current production in the North and recuperate terrain in some fields."

Books received

Controls over Public Corporations in India by Dr Ramesh Chandra published by University of Delhi, Delhi 110 007, pages 487, price Rs 90

Planning in India by Mrityunjoy Banerjee, published by Mohan Primlani, Oxford & IBH Publishing Co, 66, Janpath, New Delhi 110 001, price Rs 75 pages 230

OECD Economic Survey 1981-82 France, published by Director of Information OECD, 2, rue Andre-Pascal, 75775, Paris, CEDEX 16, France, pages 192

Buy from India World Trade Directory & Handbook — 1981-82 published by Buy From India, 10, Mangal Bag, Pushpa Park, Daftary Road, Malad (East), Bombay 400 064

The Transnationals by Profulla Rosychoudhury, published by Firma KLM Pvt Ltd, 257-B, Bepin Behari Ganguly Street, Calcutta 700 012, pages 278, price Rs 45

CORPORATE SECTOR

In the market

Modi Rubber

Modi Rubber Ltd (Regd Office: Modinagar 201 204, District Ghaziabad, Uttar Pradesh) entered the capital market on Thursday with a public issue of 6 lakhs 13.5 per cent non-convertible debentures of Rs 100 each, totalling Rs 6 crores. The proceeds of the issue, managed by 20th Century Finance and Consultancy Services Private Ltd., will be used to augment long-term funds of the company. Explaining the salient features of the issue, Mr Vinay Kumar Modi, vice-chairman and managing director of the company, said that the debentures were fully secured, easily marketable and redeemable in full after seven years. They would be entitled to an additional interest of one per cent when the equity dividend declared by the company exceeded 15 per cent. The scheme offered two choices to the investors. They could either accumulate interest along with the principal amount and draw a lumpsum after seven years, which would yield them an interest rate of up to 24 per cent per annum, or they could draw the interest every six months so long as they preferred to keep these investment. The company would also offer to repurchase the debentures at par after one year, if the holder of these wished to sell these to the company.

According to Mr Modi, the company has been doing extremely well with sales turnover rising to Rs 200 crores last year. Various schemes of expansion and diversification are under way that should further strengthen the turnover of the company in coming years. These include expansion of manufacturing capacity for automobile tyres and tubes by 200,000 nos, of aircraft tyres and tubes by 20,000 nos, off-the load road tyres and tubes by 30,000 nos, scooter/motor cycle and moped tyres and tubes by 400,000 nos, and tractor and ADV tyres and tubes by 125,000 nos. An ambitious programme submitted to Government's approval relates to the manufacture of all steel radial tyres, offering 8 to 10 per cent fuel economy, at an outlay of some Rs 58 crores.

Satsuvan Paper Mills

Satsuvan Paper Mills Ltd (Regd Office: Kherli 321 606, Alwar) is entering the capital market on March 15, 1982 with a public issue of 173,600 equity shares of Rs 10 each, totalling Rs 17.36 lakhs. The proceeds of the issue will be used to provide a part of funds for the Rs 1.484 crore paper project being set up at Kherli in Rajasthan to manufacture 4,400 tonnes annually of MG and MF kraft paper. The project gets all the fiscal benefits available to a scheme being implemented in a backward area. The issue, managed by Mehta Financial Consultants and Management Services Private Ltd, will close on March 25 or earlier but not before March 18.

Sarwapriy Products

Sarwapriy Products Ltd (Regd office: 24, Kalakar street, Calcutta 700 070) is offering for public subscription at par 1.50 lakh equity shares of Rs 10 each totalling Rs 15 lakhs. The subscription list will open on March 15 and will close on March 25 or earlier but not before March 18. The company was incorporated as a public limited company in June 1981 for the manufacture and sale of cotton, linen, silk, woollen textiles and other cloths and fabrics.

Madhva Cotton

Madhva Cotton Mills Ltd (Regd Office: 178, Mahatma Gandhi Road, Calcutta 700 007) is offering for public subscription at par 1.50 lakh equity shares of Rs 10 each totalling Rs 15 lakhs. The subscription list, which opened on March 11 will close on March 22. The company was incorporated as a private limited company in May 1974 and was converted into a public limited company in July 1980. It is engaged in the manufacture of textile goods.

Other developments

Banque Nationale de Paris

Banque Nationale de Paris acting as lead bank of a consortium of Indian and French banks signed last month a loan agreement with Indian Road Construction Corporation Ltd., of Delhi. The loan, of some French francs 16,000,000, finances the purchase by *I.R.C.C.* of various road-building equipment supplied by Creusot Loire of France which will be used by *I.R.C.C.* for the construction of a number of roads in Libya.

This is the first time that a French buyer's credit guaranteed by the Indian Government has been signed directly with an Indian borrower and is the second French buyer's credit directly in favour of an Indian entity. The first, which was also extended by Banque Nationale de Paris was signed in July 1981 with Mazagon Dock Ltd., Bombay for approximately French francs 85,000,000, and was used to finance the purchase of a derrick-lay barge supplied by *E.T.P.M.* of France.

These two loans open up a new era in Franco-Indian relations allowing Indian buyers to benefit directly from export credit financing thus helping them to compete more easily with foreign companies in foreign markets. A number of other different Indian projects are also under consideration or being finalised by Banque Nationale de Paris, which is the oldest French bank in India having been established 122 years ago.

Walchandnagar to make Japanese cement equipment

Walchandnagar Industries Ltd has entered into a technical collaboration with Onoda Engineering Consulting Co Ltd, of Japan for the reinforced suspension preheater (RSP) - precalciner - technology and associated engineering. This will enable Walchandnagar to offer the RSP system (precalciner) to both existing as well as new cement plants of capacity up to 6,000 tons per day and above.

Announcing this arrangement at a press conference, Mr. Vinod L. Doshi, vice-chairman and managing director of Walchandnagar and Mr. T. Matsumoto, executive vice-president of Onoda said that the RSP system was the most advanced in the world and it was suitable for all types of fuel including even the low grade coal in India. The system results in greater economy, easier plant operation, reduced pollution, increased kiln capacity and a much superior quality clinker. RSP kilns can also be equipped with computerised controls when greater automation is required.

Mr. Doshi claimed that with the installation of the RSP system at a small extra cost, cement production can be increased substantially, thus reducing the production cost. Moreover, the energy consumption would be much less per ton. Walchandnagar entered the field of cement machinery manufacture in technical collaboration with Polysius of West Germany almost two decades ago. That collaboration has since expired, but Walchandnagar has succeeded in setting up seven complete plants and equipment for several expansion schemes in India. Recently a turnkey contract for a cement plant of 2,000 t.p.d capacity in Indonesia was bagged. This marks the first cement plant ever to be exported from India. A letter of intent has also been received by Walchandnagar for another export order from Nepal for a 750 t.p.d cement plant financed by the Asian Development Bank.

Kirloskar Electrodyne : Guidance on setting up captive power plants

In order to render help to the industrial units in setting up their own captive power plants (necessitated by present power crisis), Kirloskar group of companies have promoted a new company, viz, Kirloskar Electrodyne Private Ltd. The company will (i) offer systems, equipments and services for captive power for industries, (ii) manufacture, market and service diesel generating sets in the ratings of 100 to 400 KVA in medium speed range and (iii) offer systems for steam turbo-sets with total energy concept to industries and commercial establishments. A turnover of Rs 7 crores in the first year is expected.

Forthcoming Company Meetings

MARCH 13 TO MARCH 19

Bajaj Tempo Ltd, Bombay-Pune Road, Akurdi, Pune 411 035. *(March 16, 11.30 a.m.)*

Maharashtra Sugar Mills Ltd, Walchand Hirachand Hall, Indian Merchants Chamber Building, 76, Veer Nariman Road, Bombay 400 020. *(March 17, 3.30 p.m.)*

Budge Budge Company Ltd, 16A, Brabourne Road, Calcuta 700 001. *(March 18, 11 a.m.)*

Rasoi Ltd, Bengal Chamber of Commerce & Industry, 23, Sir R.N. Mukherjee Road, Calcutta 700 001. *(March 19, 11 a.m.)*

CAPITAL MARKET

Need for a secondary market for non-convertible debentures

By Scrutator

HECTIC buying and speculative activity were witnessed on the leading stock exchange of the country during the past few days consequent on the budget proposals with special reference to incentives for non-resident Indians to acquire debentures of the bluechip variety and new issues with growth potential. Under the lead of cement, steel, polyester-fibre, automobiles and dyestuff shares, the industrials overall looked up. In view of the high prices, a technical set-back on profit realisation is not ruled out in the near future. The market appears to be in the grip of selective bull operators. A steady flow of encouraging corporate news has strengthened investors' confidence in equities on their individual merits.

Revitalisation of the capital market is important not only because it provides the nucleus capital for corporate enterprises but also because an active capital market for new issues would substantially reduce the dependence of the corporate sector on the term-lending institutions. In this context it is essential to develop a secondary market for secured debentures. Convertible debentures have met with good response from investors. The market for non-convertible debentures has been, however, been poor just like that of preference shares. In view of this a high power committee was appointed to recommend measures for the development of a secondary capital market. It is learnt that the Reserve Bank of India working group, headed by Mr. N. N. Pai, chairman of IDBI, has submitted its report to the Union Finance Ministry for consideration.

To make the secured debentures popular, attractive and acceptable, the following measures are suggested. (1) Yield pattern of non-covertible debentures has to be made more attractive. In case of convertible debentures their attractiveness depends basically on the scope for capital gains when the whole or part value of the debentures is converted into equity at a subsequent notified date. Thus to an investor acquiring convertible debentures, apart from yield there is also the scope for capital appreciation. The non-convertible debentures offer no scope for capital appreciation and must, therefore, carry a higher rate of convertible debentures the ceiling interest rate ought to be raised for 13.5 per cent to 15 per cent in consonance with the ceiling interest rates on unsecured company deposits.

(2) No tax should be deducted at source on debenture income upto Rs 1,000/- from a company in a financial year. This provision exists for the payment of fixed deposit interest to a party upto Rs 1,000/-.

(3) Brokerage fees for dealing in debentures should be brought on a par with those applicable to equities.

(4) Stamp duty should be scaled down to 25 paise per Rs 100/-, value of debenture transaction and the matter should be pursued with state government authorities. Stamp duty on transfers of fixed interest securities was abolished in the U K in 1976.

(5) Denomination of new debentures (face value) should be fixed at Rs 100/- in marketable lot of five. Some of the existing debentures have face value of Rs 500/- and Rs 1,000/- etc.

(6) Free marketability, transferability and price-stabilisation are other important requisites for making secured debentures popular.

If the secondary market of debentures is evolved and developed on a pragmatic basis it can certainly aid the mobilisation substantial resources for meeting working capital requirements as well as diversification and expansion projects of the corporate sector.

We hope the recommendations of N.N. Pai committee on the subject would be given due weightage and effectively implemented in a business-like manner. "Where there is a will, there is a way" is an old saying; but the crucial question here is, does everyone have a will?

Financial Analysis of Operations of Non-Financial Companies

Compiled by Commerce Research Bureau

(Rs lakhs)

Name of Company	**Delhi Cloth & General Mills Co**		**Fort Gloster Industries**		**K.C.P.**		**Modi Industries**		**Rohtas Industries**	
Industry group	Diversified		Diversified		Diversified		Diversified		Diversified	
Item	Year ended June		Year ended March		Year ended June		Year ended March		Year ended March	
	1980	1981	1980	1981	1980	1981	1980*	1981	1980	1981
Liabilities (at the end of the year)										
1. Net worth (i+ii)	5,042.4	5,719.9	587.9	826.8	1,394.2	1,586.3	814.1	930.1	382.5	381.0
(i) Paid-up capital (a+b)	1,907.5	2,134.5	156.9	238.4	508.2	762.3	254.9	254.9	604.8	604.8
(a) Equity	1,740.3	1,967.3	135.9	217.4	508.2	762.3	204.9	204.9	500.0	500.0
(b) Preference	167.2	167.2	21.0	21.0	—	—	50.0	50.0	104.8	104.8
(ii) Reserves	3,134.9	3,585.4	431.0	588.4	886.0	824.0	559.2	675.2	−22.3	−223.8
2. Borrowings (i+ii)	6,394.2	7,020.1	1,168.5	1,676.1	188.8	290.0	1,398.0	1,816.4	1,139.8	1,287.3
(i) Long-term	1,282.1	960.0	123.7	294.6	38.1	19.8	127.4	195.5	176.9	272.5
(ii) Short-term	5,112.1	6,060.1	1,044.8	1,381.5	150.7	270.2	1,270.6	1,620.9	962.9	1,014.8
3. Non-current liabilities and provisions	390.1	390.1	51.4	50.8	—	—	0.8	0.9	—	—
4. Current liabilities and provisions ..	4,064.1	5,268.9	1,147.1	1,329.8	1,525.3	1,813.0	864.3	1,081.5	1,935.8	2,176.5
Assets (at the end of the year)										
5. Gross fixed assets	15,852.9	16,962.0	1,515.8	2,013.0	2,520.6	2,991.7	2,194.5	2,506.9	3,203.0	3,296.6
6. Less depreciation	10,227.9	11,155.5	1,036.0	1,149.8	1,579.8	1,775.8	901.8	1,022.0	1,918.8	2,048.5
7. Net fixed assets (5−6)	5,625.0	5,806.5	479.8	863.2	940.8	1,215.9	1,292.7	1,484.9	1,284.2	1,248.1
8. Current assets (i+ii+iii)	9,864.5	12,191.3	2,475.1	3,020.3	2,162.8	2,469.3	1,665.6	2,213.9	2,128.1	2,570.4
(i) Inventories	6,143.5	8,039.7	1,473.4	1,747.0	1,145.9	1,521.5	979.8	1,480.3	1,504.4	1,803.2
(ii) Receivable and loans and advances	3,004.1	3,435.8	970.9	1,228.8	663.2	728.9	146.3	576.0	576.4	701.5
(iii) Others	716.9	715.8	30.8	44.5	353.7	218.9	539.5	157.6	47.3	65.7
9. Other assets	401.3	401.2	—	—	4.7	4.1	118.9	130.1	45.8	26.3
Total: Liabilities (1 to 4) or **Net assets** (7 to 9)	15,890.8	18,399.0	2,954.9	3,883.5	3,108.3	3,689.3	3,077.2	3,828.9	3,458.1	3,844.8
Value of production and other income										
10. Sales/income net of excise duty, discounts and selling commission	28,402.9	36,057.8	5,856.6	7,049.0	3,138.2	3,576.0	7,629.6	6,201.0	6,109.1	7,623.6
11. Increase in stock of finished goods and work in progress	−218.2	730.7	232.2	139.0	−104.9	322.0	42.0	334.8	44.0	194.7
12. Value of production (10+11) ..	28,184.7	36,788.5	6,088.8	7,188.0	3,033.3	3,898.0	7,671.6	6,535.8	6,153.1	7818.3
13. Other income	195.6	219.2	38.1	48.6	88.9	68.6	71.6	96.3	55.1	71.5
Expenditure										
14. Materials, stores and other mfg. expenses	21,501.7	27.729.7	4,050.7	4,775.4	2,038.7	2,576.5	6,240.9	5,116.5	4,986.2	6,301.7
15. Current repairs	489.3	658.2	29.4	53.1	111.6	151.7	188.4	199.5	22.6	24.1
16. Salaries and wages	2,886.1	3,619.9	904.4	1,054.1	247.0	286.7	546.5	466.6	784.7	1,051.6
17. Welfare expenses	168.5	203.4	102.6	110.3	43.6	36.9	23.8	23.9	38.5	46.6
18. managerial remuneration	1.3	1.3	4.7	4.9	—	0.1	2.2	1.3	—	—
19. Other expenses	1,248.1	1,296.4	245.6	283.6	124.4	150.9	260.8	300.1	237.0	275.8
20. Depreciation	953.9	977.0	89.0	121.3	122.2	210.4	129.8	125.6	113.3	116.5
21. Other provisions	—	—	—	2.8	—	—	—	—	—	—
22. Operating profit (12+13)−(14 to 21)	1,131.4	2,521.8	700.5	831.1	434.7	553.4	350.8	398.6	25.9	73.5
23. Interest	964.9	1,085.5	183.3	242.7	56.1	80.8	185.1	238.3	173.3	188.9
24. Tax provision	110.0	750.0	339.0	325.0	197.0	168.0	5.0	10.0	—	—
25. Profit after tax (22−23−24) ..	56.5	686.3	178.2	263.4	181.6	304.6	160.7	150.3	−147.4	−115.4
Appropriations										
26. Dividends (i+ii)	222.0	300.5	28.9	36.5	76.2	114.3	41.5	41.6	—	—
(ii) Equity	208.8	287.3	27.2	34.8	76.2	114.3	34.8	36.9	—	—
(ii) Reference	13.2	13.2	1.7	1.7	—	—	6.7	4.7	—	—
27. Profit retained (25−26)	−165.5	385.8	149.3	226.9	105.4	190.3	119.2	108.7	−147.4	−115.4
Total: Value of production & other income (12+13) or **Expenses and appropriations** (14 to 22)	**28,380.3**	**37,007.7**	**6,126.9**	**7,236.6**	**3,122.2**	**3,966.6**	**7,743.2**	**6,632.1**	**6,208.2**	**7,889.8**
Operational indicators (per cent)										
(a) Net worth/total net assets	31.7	31.0	19.9	21.3	44.9	43.0	26.5	24.3	11.1	9.9
(b) Inventories/net sales	21.6	22.3	25.2	24.8	36.5	42.5	12.8	23.9	24.6	23.7
(c) Operating profit/net sales	4.0	7.0	12.0	11.8	13.9	15.5	4.6	6.4	0.4	1.0
(d) Operating profit/total net assets ..	7.1	13.7	23.7	21.4	14.0	15.0	11.4	10.4	0.7	1.9
(e) Profit after tax/net worth	1.1	12.0	30.3	31.9	13.0	19.2	19.7	16.2	..	..
(f) Equity earning/equity capital ..	2.5	34.2	129.9	120.4	35.7	40.0	75.2	71.1	..	..
(g) Equity dividend	12.0	15.0	20.0	16.0	15.0	15.0	17.0	18.0	—	—
(h) Equity dividend coverage (No. of times)	0.2	2.3	6.5	7.5	2.4	2.7	4.4	4.0	..	..
(i) Paid-up value per equity share (Rs.)	25.00	25.00	100.00	100.00	10.00	10.00	10.00	10.00	10.00	10.00
(j) Market price of an equity share (Rs.)	38.25	40.14	322.00	252.00	32.00	23.14	25.75	27.00	4.60	7.44
(k) Gross yield	7.8	9.3	6.2	6.3	4.7	6.5	6.6	6.7	..	..
(l) Gross fixed assets formation ..	8.4	7.0	12.0	32.8	10.0	18.7	33.1	14.2	2.5	2.9
(m) Debt/equity	0.25:1	0.17:1	0.21:1	0.36:1	0.03:1	0.01:1	0.16:1	0.21:1	0.46:1	0.72:1

Notes: .. Category not applicable ... Amount/Percentage is negligible — Amount is nil N.Q. Not quoted N.A. Not available

The profit figures shown in the above statement have been calculated by making, whereever necessary, additions or deductions of various items so as to show the true profit pertaining to the particular year on a uniform and comparable basis. Similar adjustments are sometimes made in other items also. Totals may not add up due to rounding off.

* 17 months period

NOTICE

It is hereby notified for the information of the public that PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi, under sub-section (2) of Section 22 of the Monopolies and Restrictive Trade Practices Act, 1969 for approval for the establishment of a new undertaking for the production, supply, distribution or control of Acetylene Black with an installed capacity of 1800 tonnes per annum. Other particulars of the proposed new undertaking are as follows:—

1) Name of the proposed undertaking : **PANYAM CEMENTS & MINERAL INDUSTRIES LTD (ACETYLENE BLACK DIVISION)**

2) Name(s) of the persons or authority/authorities proposing to establish new undertaking. Where it is a body corporate, furnish details of its management structure together with those of the proposed undertaking : **Panyam Cements & Mineral Industries Limited which proposes to establish the new undertaking is managed by the Board of Directors, comprising of the following:**

Sri M. Ramanna	***Chairman & Managing Director***
Sri N. K. Sharma	***Joint Managing Director***
Sri M. P. Somanna	***Joint Managing Director***
Sri M. S. Sivanna	
Sri Inderchand Gulabchand	
H. H. Maharaj Shri Yeshwantrao Hindurao Ghorpade of Sandur.	
Sri H. Sitarama Reddy	
Sri E. K. Venkatesan	
Sri C. Narayanaswamy Reddy	
Sri R. Anand	
Sri R. K. Seshadri (Nominee of ICICI)	
Sri C. V. Subba Rao (Nominee of IDBI)	
Sri M. Gopalakrishna (Nominee of APIDC)	
Sri Sadanand A. Shetty (Nominee of KSIIDC)	

3. **Capital structure of the applicant person or authority and of the proposed undertaking:**

i) AUTHORISED CAPITAL:

Preference:	
13,640-9.3% (Cumulative Preference Shares of Rs 100/- each	13,64.000
11,360-11% Redeemable Cumulative Preference shares of Rs 100/- each	11,36,000
25,000-9.5% Redeemable Cumulative Preference shares of Rs 100/- each	25,00,000
50,000-11% Redeemable Cumulative Preference shares of Rs 100/- each	50,00,000
Equity:	
8,00,000 shares of Rs 100/- each	8,00,00,000
Total	9,00,00,000

ii) ISSUED CAPITAL:

Preference:	
2,454-9.3% 'A' Cumulative Preference Shares of Rs 100/- each	2,45,400
11,186-9.3% 'B' Cumulative Preference Shares of Rs 100/- each	11,18,600
11,360-11% 'C' Cumulative Redeemable Preference Shares of Rs 100/- each	11,36,000
25,000-9.5% 'D' Cumulative Redeemable Preference Shares of Rs 100/- each	25,00,000
	50,00,000
Equity:	
2,23,277 Equity Shares of Rs 100/- each	2,23,27,700
Total	2,73,27,700

iii) SUBSCRIBED AND FULLY PAID-UP

Preference:	
2,454-9.3% 'A' Cumulative Preference Shares of Rs 100/- each	2,45,400
11,186-9.3% 'B' Cumulative Preference Shares of Rs 100/- each	11,18,600
11,360-11% 'C' Cumulative Redeemable Preference Shares of Rs 100/- each	11,36,000
25,000-9.5% 'D' Cumulative Redeemable Preference Shares of Rs 100/- each	25,00,000
	50,00,000
Equity:	
2,22,720 Equity Shares of Rs. 100/- each ..	2,22,72,000
Add: Forfeited shares (amount paid-up)	29,775
Pending allotment shares (amount paid-up)	320
	2,23,02,095
Total	2,73,02,095

4. Proposed location of the new undertaking .. Hagari R.S. Bellary District, Karnataka State.

5. Brief outline of the cost of project, the scheme and source of finance. The estimated cost of project is Rs 4.75 crores which is proposed to be financed by the Financial Institutions and from internal resources.

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, under advice to the Company, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

For PANYAM CEMENTS & MINERAL INDUSTRIES LTD.,

Dated this 25th day of February 1982.

J. GOPAL-RAO,
Secretary-cum-Accounts Manager.

EQUITIES

Rally on second thoughts

Bombay, March 8

Although equities had suffered a major setback during the special one-hour post-budget session on February 27 evening, shares rallied smartly in the subsequent days on second thoughts on the budget proposals. The marketmen veered around to the view that the corporate sector was again let off without any harsh treatment.

Resuming on a firm note, share prices shot up in varying degrees as the days went on. The best levels, however, could not be retained till the close of the week on account of fair amount of profit-taking at the highest levels. Nevertheless, most of the glamour shares recorded splendid gains. Activity was good and the undertone at the close remained strong.

The market leader Century made yet another event on March 4 when the price officially closed above the Rs 1,000 mark, with the actual closing at Rs 1,006. The scrip had first crossed the Rs 1,000 mark on February 13 in 'kerb' dealings. On February 15, it had officially touched the Rs 1,000 mark but retreated towards the close of the session. Likewise, on March 2, the scrip had again crossed the Rs 1,000 mark before reacting to Rs 996. At the end of the session the price receded sharply to Rs 971 x.d. following comparatively higher contango charges of about three per cent. A prominent bull operator unloaded heavily. Even so, the scrip recorded a net gain of Rs 18.

Cement shares, however, took a march over others on sustained buying following partial decontrol. ACC took a strident rise by Rs 67 to Rs 368 and Digvijay Cement by Rs 48 to Rs 288. A prominent bull operator pushed up TISCO by Rs 52 to Rs 397. TELCO firmed up by Rs 45 to Rs 569. Dye shares, which were on the decline till the Budget session, performed well on informed buying. Indian Dyestuff hardened by Rs 44 to Rs 244 and Amar Dye-Chem by Rs 22.50 to Rs 155. PAL and Larsen were other star performers. Shipping shares, however, lost fresh ground on dim current outlook for the industry.

Prominent firm features in the cash section included Baroda Rayon, Bajaj Auto, Garware Nylons, Altas Capco, Kamani Engineering, Indian Rayon Reliance and Associated Bearing.

THE WEEK'S PRICE RANGE

	Closing quotations 27-2-82	High	Low	Closing quotations 6-3-82
	Rs.	Rs.	Rs.	Rs.
CLEARED SECURITIES				
Textiles				
Ahm. Advances (100)	180.00	180.00	180.00	180.00
Bombay Dyeing (25)	78.50	79.00	76.00	76.00
Central India (50)	42.00	43.00	42.00	43.00
Century (100)	953.00	1008.00	965.00	971.00xd
Dawn (50)	65.00*	65.00	62.00	64.00
Elphinston (50)	50.00*	—	—	50.00*
Finlay (100)	90.00	90.00	85.00	87.50
Gokak (10)	17.00	17.00	16.50	17.00
Gwalior Rayon (10)	59.50	59.25	57.15	57.15
Khatau (100)	237.50	240.00	235.00	235.00
Kohinoor (100)	46.00	46.00	45.00	46.00
Morarjee (100)	210.00	216.25	210.00	215.00
National Rayon (100)	327.50	327.50	310.00	322.50
New Great Eastern (100)	75.00*	—	—	75.00*
Phoenix (100)	38.00*	—	—	38.00*
Podar (10)	6.00	6.50	6.00	6.50
Shreeniwas (100)	75.00*	—	—	75.00*
Simplex (50)	63.00	63.00	61.00	63.00
Standard (100)	367.00	377.00	363.00	365.00
Svadeshi (100)	152.00	154.00	150.00	154.00
Swan (100)	175.00	175.00	170.00	175.00
Tata Mills (25)	25.00	25.00	23.00	23.00
Electric				
Ahmedabad (100)	99.00	101.00	99.00	101.00
Andhra Valley (100)	107.50	109.00	107.50	109.00
B. Suburban (100)	125.00xd*	122.50	120.00	122.50
Tata Hydro (100)	112.00	112.50	111.50	112.50
Tata power (100)	115.00	116.00	113.75	116.00
Steel				
Mukand (10)	31.00	31.75	30.50	30.50
Tata Steel (100)	345.00	401.00	351.00	397.00
Engineering				
Larsen & Toubro (10)	55.00	61.75	56.50	61.75
TataEngg.& Loco (100)	515.00	575.00	519.00	560.00
S.L.M. Maneklal (100)	160.00	—	—	160.00*
Voltas (100)	250.00	250.00	246.00	250.00
Walchandnagar (10)	30.50	33.50	31.00	33.50
Dyes and Chem				
Amar Dye-Chem (100)	132.50	165.00	137.50	155.00
Indian Dyestuff (100)	200.00	252.00	207.00	245.00
Polychem (50)	56.00	62.00	56.00	58.00
Tata Chemical (10)	55.00	55.50	54.50	55.00
Shipping				
Great Eastern (10)	16.50	17.25	15.50	15.50
Scindia (20)	15.25	15.50	13.75	14.00
Cement				
A.C.C. (100)	321.00	372.00	323.00	368.00
Shree Digvijay (100)	240.00	288.00	240.00	288.00
Sugar				
Maharashtra (50)	41.00	42.50	41.00	41.00
Phaltan (50)	30.00	30.00	29.00	30.00
Miscellaneous				
Bombay Burmah (25)	39.00	39.50	38.50	39.00
Hindustan Motors (10)	28.50	28.50	26.75	27.50
Premier Auto. (100)	318.00	374.00	332.00	366.00
Pre. Construction (50)	110.00	112.00	112.00	112.00
Sirpur Paper (10)	22.25	22.50	21.50	22.50
Tata Oil (25)	58.50	61.00	58.00	60.00
W. Coast Paper (100)	91.25	92.50	90.00	92.50
Wimco (10)	13.50	14.00	13.50	13.75
NON-CLEARED SECURITIES				
Textiles				
Baroda Rayons (100)	378.00	428.00	382.00	427.00
Century Enka (100)	580.00	580.00	570.00	580.00
Garware Nylons (10)	43.50	50.00	43.50	50.00
Gold Mohur (100)	92.00*	—	—	92.00*
Indian Rayon (10)	95.00	101.50	97.00	100.00
J.K. Cotton (10)	13.25	13.25	12.50	12.50
J.K. Synthetics (10)	65.50	67.00	64.00	64.00
Lakshmi Vishnu (100)	54.00*	—		54.00*
Mafatlal Fine (100)	210.00	212.50	208.75	211.25
Mafatlal Industries (125)	351.25	352.50	350.00	352.50
Modella Woollen (10)	9.25*	—	— —	9.25*
Nirlon (10)	40.00	40.75	39.75	40.00
Raghuvanshi (100)	122.50*	—	—	122.50*

	Closing quotations 27-2-82	High	Low	Closing quotations 6-3-82
	Rs.	Rs.	Rs.	Rs.
NON-CLEARED SECURITIES				
Textiles				
Raymond Woollen (10)	56.50	57.25	56.25	56.50
Reliance Textile (10)	123.00	135.50	129.50	134.25
S.I. Viscose (100)	245.00	245.00	232.00	237.50
Stretch Fibres (10)	8.75	8.75	8.50	8.75
Swadshi Polytex (10)	18.50	18.00	16.50	17.50
Electric				
Amalgamated (10)	5.50	—	—	5.50*
Surat (100)	96.00	97.00	96.00	96.00
Cement				
Mysore Cement (10)	37.00	37.50	35.00	35.50
Saurashtra Cement (100)	125.00	140.00	125.00	140.00
Paper				
Andhra Paper (100)	172.50	172.50	167.50	170.00
Bhadrachalam(New) (10)	13.00	13.00	13.00	13.00
Jayant Paper (100)	140.00*	140.00	137.00	137.00
Rohit (100)	167.50	—	—	167.50*
Steel, Metals Alloys				
Ennore Foundries (10)	39.00	41.00	37.00	41.00
Ferro Alloys (100)	262.50	262.50	257.50	262.50
Hind Aluminium (10)	47.50	48.50	46.50	47.50
Khandelwal Ferro (100)	122,50	127.50	122.50	127.50
Mahindra Ugine (10)	57.50	60.50	57.50	60.50
Tata Yodogawa (100)	102.50	122.50	102.50	122.50
Engineering				
Associated Bearings (100)	432.50	450.00	435.00	450.00
Bimetal Bearings (10)	28.50	28.75	28.00	28.00
Blue Star (10)	35.75	36.00	34.25	36.00
Elecon Engineering (10)	36.00	37.00	36.00	36.50
Gujarat Steel Tube (100)	340.00	340.00	330.00	340.00
Hindustan Brown (100)	285.00*	285.00	280.00	282.50
Ingersoll-Rand (10)	139.00	142.00	133.00	133.00
Jyoti (100)	190.00	195.00	190.00	195.00
Kamani Engineering (10)	65.00	75.00	65.00	71.00
Kirloskar Cummins (100)	735.00	735.00	722.50	725.00
Kirloskar Oils (10)	29.50	29.75	29.00	29.50
Kirloskar Pneumatic (10)	41.00	46.00	41.00	46.00
Mahindra (10)	59.00	62.00	56.00	56.00
New Standard (100)	102.50	105.00	102.50	102.50
Sandvik Asia (100)	360.00	362.50	58.75	362.50
Vulcan-Laval (10)	30.50	31.50	30.50	31.25
Zenith Steel (10)	50.00	52.00	49.00	52.00
Cables & Elec.				
Asian Cables (100)	160.00	160.00	160.00	160.00
Bajaj Electricals (100)	170.00*	175.00	170.00	175.00
Crompton Greaves (100)	352.52	356.25	352.50	356.25
Otis Elevator (10)	29.00	29.50	29.00	29.00
Siemens India (10)	62.00	62.00	60.50	60.50
Chemcials				
BASF (10)	37.50	37.50	36.50	37.50
Bayer (India) (100)	182.50	200.00	182.50	200.00
Chem &Fibres (10)	24.50	25.50	23.50	24.00
Colour-Chem (100)	200.00	242.50	202.50	230.00
German Remedies (10)	27.25	28.50	27.50	28.50
Gujarat State Fert. (100)	440.00	450.00	435.00	438.00
Hindustan Lever (10)	55.00	55.50	54.00	54.50
Indian Organic (10)	32.00	35.00	32.00	34.50
National Organic (100)	200.00	201.00	196.00	198.00
Pfizer (10)	25.00	26.50	25.00	26.00
Polyolefins Ind. (100)	302.50	305.00	300.00	300.00
Sandoz (10)	28.50	31.75	28.75	31.75
Synthetics (100)	77.00	80.00	76.00	80.00
Warner-Hindustan (10)	21.50	22.50	21.50	22.50
Zuari Agro (10)	24.00	25.00	22.00	22.00
Miscellaneous				
Bajaj Auto (100)	1450.00	1500.00	1425.00	1500.00
Bombay Oxygen (100)	116.25*	120.00	116.25	120.00
Cadbury (10)	23.50	24.25	23.50	23.50
Camphor & Allied (100)	200.00	202.50	195.00	195.00
Ceat Tyres (100)	200.00	205.00	200.00	205.00
Colgate-Palmolive (10)	150.00	149.00	144.00	149.00
Empire Industries (15)	24.50	—	—	24.50*
Fibre Glass (10)	15.75	15.75	15.50	15.50
Gammon India (10)	24.25	19.50	18.50	18.50
Hindustan Ferodo (10)	39.00	40.00	39.00	40.00
Hoechst Dyes (10)	28.00	28.00	27.50	28.00
Indian Hotels (10)	105.00	109.00	67.00xr	67.00xr
Motor Industries (100)	425.00	437.00	425.00	427.50
Tata-Finlay (10)	14.00	14.00	12.75	12.75

Notes:

Figures within brackets indicate the paid-up value of shares xd — Ex-dividend cd — Cum-dividend xr — Ex-right cr — Cum-right

(a) An asterisk mark after the quotation indicates the closing prices of the last official trading and not of the date indicated in the columns

(b) The dash (—) in the columns for 'High' and 'Low' means that no official trading in the share had taken place during the period under report.

Market Gossip

COSTLIER ESSENTIALS

IF the Railway Minister, Mr P.C. Sethi, has made travel costlier for rail passengers, he has also dealt a blow to the common man by making "adjustments" in the freight rates of a number of essential commodities. The "minor" concession of Rs 4 crores he had announced, during the reply to the debate on March 3, did not benefit these essential commodities though there would be a 10 per cent reduction in freight on such items like medicines, tea, coffee, pencils and erasers. These essential commodities were exempted so far from the supplementary freight charges which have been in force for some time. They included salt, foodgrains, sugar and sugarcane, charcoal, edible oils, fruits and vegetables and chemicals. In making the "adjustments", which, in effect meant withdrawal of exemption from supplementary charges, Mr Sethi has restricted the exempted list to only five commodities-firewood, medicines, fodder, kerosene oil, and match boxes. The minister has also stated that the "adjustments" in freight rates will yield an additional revenue of as much as Rs 76.85 crores, which means that such essential commodities as foodgrains, salt, sugar and edible oils would have to bear this burden. Naturally, the trading community will push up their prices. It is to be hoped that the increases will be only marginal. The Railway Finance Commissioner had refused to give his own estimate saying that "we have stopped making such exercises."

This is not all. Mr Sethi, also, on the plea that the railways were making a loss on the carriage of parcel traffic, has hiked the freight structure for parcels. The commodities covered under the revision number as many as 34 and include medicines, magazines and newspapers, fresh fruits like oranges and mangoes, radios, transistors, and cinema films. Fortunately, the burden will not be heavy and only limited to Rs 12 crores under the budget scheme. Since the Minister has announced a 10 per cent reduction in freight of some of the commodities affected, the burden will be lesser. It has been explained by top railway officials that monthly season ticket fares were not increased, because this fare is included in the cost of living index. But, on the other hand, as the Federation of Indian Chambers of Commerce and Industry (FICCI) has stated, the railway budget has done everything to push up prices of articles of daily consumption, and that is sure to affect the cost of living of the common man. In fact, the FICCI has claimed that though the budget had imposed a fresh burden of Rs 261 crores, including Rs 172.60 crores from passenger traffic, the total additional imposts will be over Rs 560 crores when the surcharge introduced last December is taken into account. The general budget for 1982-83 also shows a deficit of Rs 1,300 crores on top of the deficit in the 1981-82 budget of Rs 1,700 crores. These deficits will also influence the price situation and, together with the imposts in the railway budget, these forces may arrest the welcome downward trend in the price rise that has been seen in recent months.

PRICE TUSSLE IN TIN

TIN prices have tumbled as fast as they rose to an all-time high of £9,000 per tonne last month on the London metal exchange (LME). Within days the price dropped to £7,140 a tonne with the mystery buyer, whose purchases had been pushing up the prices since last July, having pulled out of the market. Market sources were not able to identify the mystery buyer but there had been speculation that Malaysia, the largest tin producer, was connected with the buyer. It is not clear why the buying operations ceased after the buyer, which was widely believed to be the consortium that had the government backing of Malaysia or other tin-producing nations, was estimated to have spent $550 million to $600 million to stockpile 50,000 tonnes of tin. At one time fears had been expressed that some traders would lose millions of pounds being forced to purchase heavily on the spot market to meet the delivery obligations on the LME at the end of February. It could be that the buyer changed his mind because of the friction that the rigging of prices was creating with the consumer industrialised countries.

Fears have been expressed that a new tin agreement, which is due shortly and which would stabilise prices and supplies of the metal, may fail to win approval from the consumer countries if the prices operated beyond a certain range. The Malaysian Primary Industries Minister, Mr Paul Leong, has indirectly charged the United States with seeking to hold down the prices of tin. According to him, the US sales of stockpile tin on world markets were largely responsible for the sharp decline in prices towards the end of February. Between the middle of December 1981 and January 31, 1982, the US General Services Administration reportedly sold 5,255 tonnes of stockpile tin in the international market, almost twice the amount sold domestically in the preceding 18 months. The GSA sales came at a time when tin prices in London and Penang had shot to new highs. The GSA, on the other hand, has argued that it sold tin in the world market only to take advantage of high prices. It is authorised to sell 30,000 tonnes of its 200,000 tonnes strategic tin stockpile over a three-year period that began in July 1980.

How commodities moved

(Rs. per quintal)*

Commodity	Market	March 6, 1982	A week ago
Groundnut	Rajkot	470	444
Rapeseed	Kanpur	410	410
Sesamum	Delhi	610	600
Castorseed	Kanpur	473	495
Sugar	Bombay (a)	550	557
Cotton	Bombay (b)	3,250	3,400
Jute	Calcutta (c)	240	240
Aluminium	Bombay (d)	1,600	1,600
Copper	Bombay (e)	3,300	3,270
Lead	Calcutta (f)	1,300	1,250
Zinc	Calcutta (g)	1,700	1,725
Gold	Bombay (h)	1,710	1,705
Silver	Bombay (i)	2,680	2,685
Caustic soda	Bombay (j)	568	580
Soda ash	Bombay (k)	236	242

* In terms of 10 gm for gold, kg for silver and candy for cotton.

(a) C-30 (b) CJ-73, (c) W-5 (d) Scrap, (e) Wire bar, (f) Ingot, (g) Hard spelter, (h) Standard, (i) .996, (j) Flakes and (k) Tata

COMMODITIES

Cotton prices collapse

Bombay, March 8

Cotton prices virtually collapsed in the last fortnight, the price fall in isolated cases being as much as Rs 300 per candy.

Those mills that had been severely hurt by the holding action of the Maharashtra State Co-operative Marketing Federation (MSCMF) last year are now inclined to say that now the ball is in their court; MSCMF is having a bad time now with large stocks and no buyers around with the prices the Federation would like to have.

Indications are that the mill strike in Bombay will continue for quite some time unless there is a settlement. Meanwhile, all efforts are being made by the mills, with good backing from the State and Central Governments, to maintain operations to the extent possible.

Already a dozen mills have commenced operations. In the course of the next two or three, the active spindleage is expected to cross one lakh and so also the processing of cloth. Over 4,000 staff and workers are attending to their duties. Two of the NTC mills, INDU No.1 and Jupiter have started working.

The declining trend in cotton prices for want of demand from the mills is causing anxiety among the growers. It is computed that the cotton growers have already lost more than Rs 25 crores, the Gujarat farmers alone accounting for Rs 6.50 crores.

The following is the trend of prices of some of the leading varieties of cotton:

(Rs per candy)

	March 5	February 19
Kalyan	3.525-3.550	3.600
Saurashtra CO2	3.600-3.700	3.875-4.000
Sankar 4	4.650-5.050	4.600-5.000
MPY 1	4.000-4.100	4.000-4.200
MP Varalaxmi	4.300-4.550	4.450-4.600
MCU 5 Guntur	4.700-4.850	4.800-4.950
Maharashtra H4	4.900-4.950	4.900

Groundnut oil falls sharply

Bombay, March 8

Groundnut oil price dropped sharply by Rs 10.40 to Rs 133.64 per 10 kg in the oilseeds market during the week on good summer crop in the South and easy advice from the other producing centre, Gujarat. Groundnut also lost Rs 4 each at Rs 540, Rs 545 and Rs 545 per 100 kg.

In view of the weakness in groundnut oil and the reluctance on the part of traders to lift oils, imported oils also suffered a setback. Demand was also restricted. Palmoleine declined by Rs 3.12 to Rs 126.88 soyabean by Rs 2.08 to Rs 121.68 and RBD by Rs 3.60 to Rs 116 per 100 kg.

Castorseed and its oil looked up on brightening outlook on the export front. Madras small and Kanpur bold edged up by a rupee each to Rs 302 and Rs 292 per 100 kg. Castor commercial oil and BSS oil moved up by Rs 1.50 each to Rs 67 and Rs 72.50.

Linsed and its oil showed down trends. Linseed bold eased by Rs 5 to Rs 410 per 100 kg and its oil by Rs 1.04 to Rs 104 per 10 kg.

Activity was poor in cakes and most of them yielded fresh ground.

Comparative prices in rupees per quintal of seeds and per 10 kg of oils :-

	6-3-1982	27-2-1982
G. nut Karad bold	540.00	544.00
G. nut oil	133.64	144.04
Cast. Md. Sm.	302.00	301.00
Cast. oil com.	67.00	65.50
Cast. oil BSS	72.50	71.00
Linseed bold	410.00	415.00
Linseed oil	104.00	105.04

Grains mixed

Bombay, March 9

A mixed tendency featured trading in grains in the local market.

In cereals, wheat prices firmed up due to poor inflow. Arrivals from Gujarat were meagre. Local flour millers were active buyers. Arrivals from Punjab and Uttar Pradesh were of inferior varieties. The Pissi variety firmed up by Rs 13 to Rs 250-325 per quintal. The Sonakalyan variety firmed up by Rs 10 to Rs 205-210 per quintal.

Activity in rice was moderate. Arrivals were good. The Luchai variety ruled steady at Rs 290-315 per quintal. Basmati varieties ruled better on account of the continuation of the export policy. Prices showed a rise of Rs 25 to Rs 625-725 per quintal.

In coarse grains jowar and bajra showed marked fall. Jowar declined by Rs 25 to Rs 130-200 per quintal and bajra by Rs 13 to Rs 150-250 per quintal. Barley and maize maintained last week's levels of Rs 138-140 per quintal and Rs 185-190 per quintal respectively.

Among pulses, gram dal hardened by Rs 3 at Rs 345-350 per quintal. Advices from producing centres were encouraging. Sellers were reserved. Tur dal recorded a fall of Rs 25 to Rs 450-525 per quintal. Moog (Chumki) was traded Rs 13 lower at Rs 375 per quintal. Masoor dal fetched Rs 10 more at Rs 400 per quintal. Urad (moglai) hardened by Rs 5 at Rs 240 per quintal.

Sugar subdued

Bombay, March 8

A subdued tendency featured trading in sugar in the local market. The price of C-30 grade sugar declined by Rs 7 per quintal during the week to Rs 541-559 per quintal. The decline in prices was in the wake of the Union Government's announcement of the release of a higher free sale quota of 1.50 lakh tonnes (1.40 lakh tonnes for February 1982) for March 1982. The undertone was sluggish. Moderate activity was reported. Sugar stocks declined to 3,797 bags as against 4,059 bags in the preceding week. The price of C-30 grade sugar on March 6, 1982 was lower by Rs 166 per quintal than the level on the corresponding date a year ago.

The State Cooperative factories reduced their prices to Rs 505-515 quintal due to poor offtake and good arrivals from the neighbouring States.

Khandsari stocks at the close of the week were estimated at 3,663 bags. The superior variety was quoted in the range of Rs 490-510 per quintal. The medium variety at Rs 425-450 per quintal and the inferior variety at Rs. 375-400 per quintal.

Jute mills incur heavy loss

Calcutta, March 8

A set of measures is expected to be announced soon by New Delhi to put the ailing jute industry back on the rails, according to information available here. A high-powered committee of the Union Economic Ministries, headed by Mr A. Dutta, Secretary, textiles, is currently examining a number of proposals put forward by the Indian Jute Mills Association in this regard.

The IJMA memorandum to the Union Commerce Ministry pointed out that the prices of sacking materials have to be held by declaration of statutory minimum levels based on the cost of production of B. Twills and other standard constructions under the Jute Control Act. The prices of sacking construction had continued to fall for the last several months despite a fall in the inventory of the mills in respect of this item.

**DEFENCE MATERIAL & STORES
RESEARCH & DEVELOPMENT
ESTABLISHMENT KANPUR**

Sealed tenders are invited from manufacturers/accredited Agents, Reputed Stockists and Deolers by the Director, DMSRDE, P.B. No. 320 Kanpur—13 for the floowing by 5-4-82. Tenders will be opened at 2 p.m. on 5-4-82 in our premises. Quotation should be on F.O.R. Kanpur basis otherwise quotation will not be accepted. (1) Cast BO. LP/120/81 :- One no.Double Pen Strip Chart Recorder:

Specification/Description: Dual Pen Manual Pen lift 4 Chart speed of 1,25 & 10 inch per minute. Span of 1mv. complete with intergator with input spans of 10,100 mv, 1,10,100 Volts.

Accuracy — 0.2% Countrate Grid width 10 inches.

Note: Quotation should be submitted in two covers. One should be sealed and shoud bear our reference and rate also due date and outer cover should be addressed to the Director, DMSRDE, P.B. No.320, Kanpur giving our ref.no. in Block letters. In case your quotation is found wihtout seal it will not be considered. Also your quotation should be accompanied by the following certificate and validity of your quotation must be of 60 days, failing which it will not be considered.

To,
The President of India,
through The Director, DMSRDE, Kanpur

We agree to furnish if required supplies/services as detailed in the Schedule of requirements or such portions thereof as you may specify in the acceptance of Tender at the prices given in the said schedule in accordance with the above conditions.

I/We agree to hold this offer open until .... and shall be bound by a communication of acceptance despatched within the period specified above failing which Govt. will have right to obtain it from elsewhere at our cost and risk.

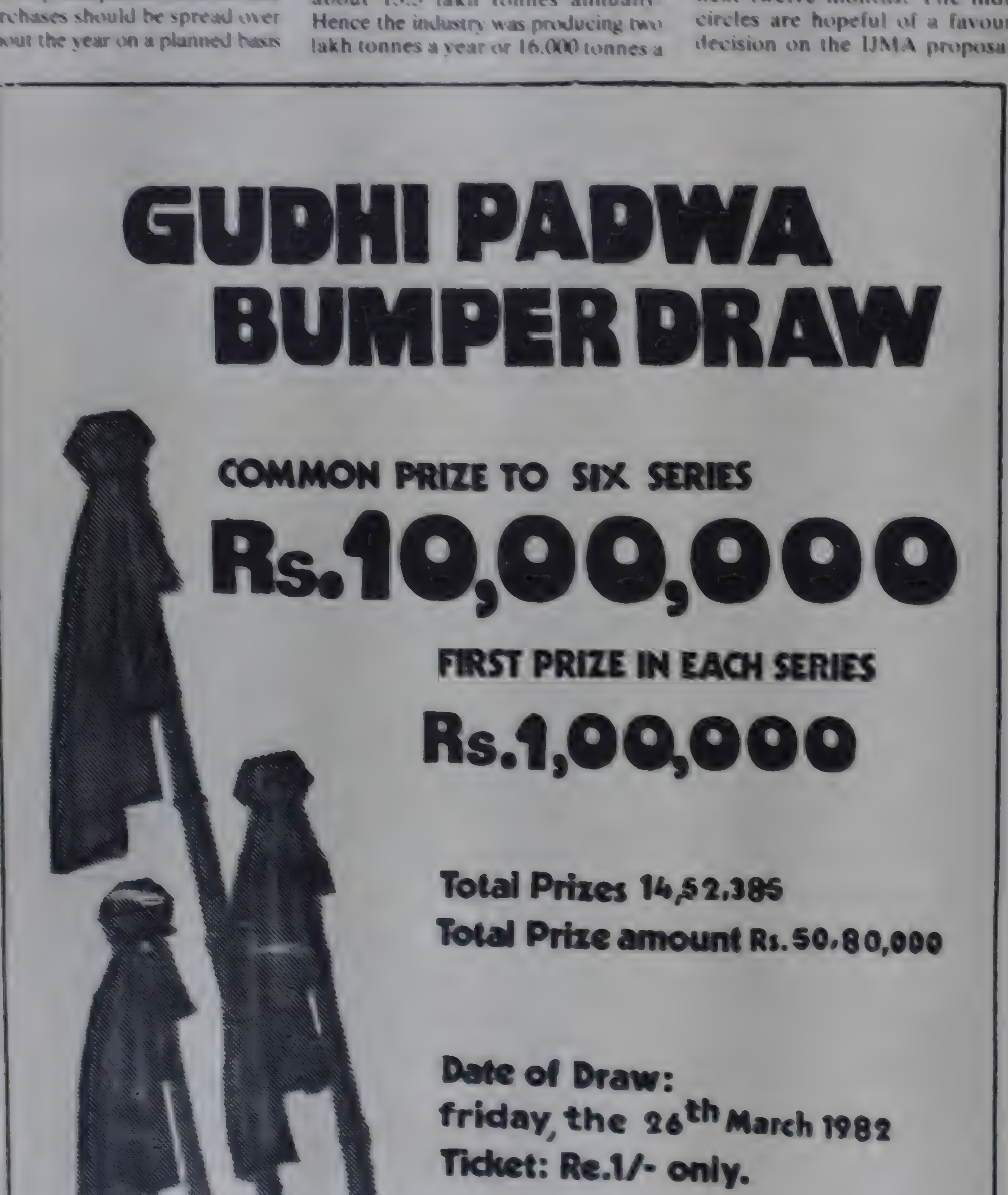
SUPPLIER

STATION
DATED

DAVP 686(283)81

The prices have fallen so much below the cost of production that all the jute mills have incurred heavy losses. The memorandum pointed out that most of the jute companies were now very near bankruptcy. To counter the resultant rise in prices in the wake of declaration of a minimum price, the consumers could be protected if 50 per cent of the excise duty was remitted, the memorandum said. It is understood that the memorandum has also suggested forecasting of the demand of principal consumers and that purchases should be spread over throughout the year on a planned basis so that a certain level of stability was maintained in demand.

The IJMA urged imposition of a statutory production quota on the maximum quantity of jute goods to be produced by the industry for internal sales. The association diagnosed the main problem of the industry to over production. While the industry had already achieved the Sixth Plan target of production capacity of 15.5 lakh tonnes a year, the maximum demand at present was only about 13.5 lakh tonnes annually. Hence the industry was producing two lakh tonnes a year or 16,000 tonnes a month in excess of demand (export and internal demand put together). It has suggested that this imbalance should be corrected. To step up exports it was imperative, it said, to create a fund for undertaking aggressive promotional activities. IJMA pointed out that to begin with 50 per cent of the present excise levy could be diverted for creation of the fund to which a matching grant could be made from the MDF. The fund must be provided with Rs 5 crores for the next twelve months. The industry circles are hopeful of a favourable decision on the IJMA proposals.



GUDHI PADWA
BUMPER DRAW

COMMON PRIZE TO SIX SERIES
Rs.10,00,000

FIRST PRIZE IN EACH SERIES
Rs.1,00,000

Total Prizes 14,52,385
Total Prize amount Rs. 50,80,000

Date of Draw:
friday, the 26th March 1982
Ticket: Re.1/- only.

MAHARASHTRA STATE LOTTERY

DGIPR (LT) 1981-82

The jute goods market mea
continued to drift in the abse
worthwhile demand against
supplies. The prices of both sa
and hessian sought further lower
in the wake of scattered selling
market was also disappointed
the absence of any incentive t
industry in the Union Budget pro
for 1982-83 announced by the Fir
Minister, Mr Pranab Kumar Mukh

The fibre market was sta
reflecting largely poor mill of
because of continued fair stoc
finished products held by them.
price of W-5 grade jute was
around the minimum level of R
per quintal throughout in restr
dealings.

A New Delhi report says tha
Centre has decided to subsidis
losses incurred by the Jute Cor
tion of India in carrying out
support operations for raw ju
has also decided to grant loan
tance to it to cover the losse
commercial operations. For 19
provisions of Rs 8.6 crores of su
and Rs 6.2 crores for loan assis
to JCI have been made. A targ
41 lakh bales was fixed by the
merce Ministry for the Copor
of which 35 lakh bales of raw
were to be purchased under
support and six lakh bales
commercial purchases.

Fair demand for Darje
teas

Calcutta, M

At the weekly tea auctic
Calcutta the offerings of 24,247
ages of CTC leaf met with go
mand. Clean brokens, partic
good Assam, sold at fully fi
dearer rates and prices appre
by 10 to 20 paise over the last
Browner varieties, particularly c
met with some withdrawals and
eased in line of quality. The bl
operated with increased str
while there was some enquir
Western India and the local
for the better liquoring variet
USSR operated selectively. Th
limited enquiry from Poland
fannings of all descriptions s
demand with prices declining
to 20 paise for the medium v
in particular. Better liquoring
fannings, however, saw some
from the Gujarat markets and
shippers and sold at around la
The ARE was rather select
week.

The smaller weight of 1,3
ages of Darjeeling teas met w
demand around last levels.
enquiry was limited to a few
lines. The remainder were ac
for largely by the local deal
USSR did not operate. Pric
steady on last levels.

The 7,365 packages of o
teas offered met with good
Plain whole leaf grades cont
meet with good enquiry f

ern India markets and sold at firm to dearer rates. Medium etter descriptions were well rted by Afghanistan and were learer. The Polish buyers con- to operate selectively. Clean ens were sold at dearer rates. stalky varieties were easier. iry from Poland abated slightly. the USSR was extremely selec- Clean fannings sold at steady and were well supported by the dealers with some enquiry from ARE.

At the dust auctions the offerings 178 packages met good demand medium Assam dusts well sup- ted by the blenders at fully firm s. Better and good varieties in- ed dearer following improved and from Western India, particu- Maharashtra. Secondary dusts ne to an irregular market with rous sorts easing with quality. Ex- rtable pekoe dusts met with fair uiry from the UK buyers, although than in the previous sale and prices these were firm to occasionally arer. Orthodox dusts met better pport, particularly from the major nder and sold at firm to dearer tes.

etals quietly steady

Calcutta, March 8

The non-ferrous metals market in alcutta displayed a quietly steady ne during the past week as the pre- dget uncertainties restricted trading ntiment. Upcountry buyers were tive in the scrap section. In view f poor offerings virgin metals also vited moderate attention. The turn- er in secondary metals was slightly etter than in the preceding weeks.

old, silver erratic

Bombay March 8

An erratic trend in both gold and ilver marked the trading in the Bombay bullion market during the past week.

Standard mint gold opened at Rs 1,705 per 10 gm and after witnessing ups and downs closed at Rs 1,710 per 10 gm. Ready silver (999 fineness) which opened at Rs 2,692 per kg rose to Rs 2,700 per kg on March 4 and fell to close at Rs 2,680 per kg.

Aggregate deposits spurt, bank credit contacts

Bombay, March 6

Aggregate deposits of all scheduled commercial banks spurted by Rs 261.88 crores to Rs 43,439.6 crores during the week ended February 26. 1982. Bank credit contracted sharply by Rs 151 02 crores to Rs 29,776.99 crores. The balances of banks with the Reserve Bank of India (RBI) increased by Rs 239.94 crores to Rs 4,474.65 crores and their borrowings from the RBI increased by Rs 4.70 crores to Rs 709.57 crores.

NATIONAL SEEDS CORPORATION LIMITED
(A GOVERNMENT OF INDIA UNDERTAKING)
"Beej Bhavan" Pusa Complex
New Delhi - 110 012

Tel: 569072/82 (10 Lines) Gram: RAJBIJ: Telex: 31-3705 BEEJ-IN
Tender No. CE-8

INVITATION TO TENDER
FOR THE SUPPLY OF SEED DRYING EQUIPMENT:
SEED PROCESSING, MATERIAL HANDLING AND
DIESEL GENERATING SETS.

The National Seeds Corporation Limited, New Delhi on behalf of their clients invites sealed tenders from established and reliable manufacturers and suppliers located in Indian and in the territories of the member countries of the International Bank for Reconstruction and Development (World Bank/IDA) and Switzerland for the following equipments:

a) Equipment for Drying System:

Troughed Horizontal Belt Conveyor : various capacities.
Vertical bucket elevator. Continuous flow column seed dryer.
Drag Conveyors. Tempering-cum-Storage bins (Battery).
Troughed Belt Conveyor.

b) Other equipments:

Maize Shellers, Crop Dryers, Vaccum Cleaners, Fuel Storage Tank (Metallic), Fork Lift Trucks, Bag Carts (Wheel Trolloy), Diesel Generating Sets, Seed Moisture Meters, Ear-corn Elevators-Portable Bag Conveyors.

ii) The Government of India have received loan/credit from the IBRD/IDA for National Seed Programme and it is intended that proceeds of this loan would be applied for payments under contract(s) for which this invitation to bid is issued.

iii) Notwithstanding the machinery specifications supplied except performance specifications on which it is obligatory to make an offer, the tenderer may, at his discretion, offer alternatives either as to material or equipment or as to design provided that the tenderer demonstrates and guarantees that such alternatives would offer equal or better performance and would be more economical.

iv) Equipment under category (a) should be normally quoted from one single source, however, the tenderers may quote for complete drying system even ifsome items of drying system are of different manufacturers, but compatible with the system. In such cases, the tenderers shall be responsible for the performance of the contract as well as guarantee for the performance of the entire drying system. Tender may also be submitted for one or more items of the drying system. In such cases, it shall be responsibility of the tenderer to see these specifications of all the items of the drying system and satisfy the NSC that the items for which the tenderer has quoted will perform successfully in conjunction combination with the other items. Such tenderers shall be responsible for the performance of the contract/shall be responsible for the performance of the contract/as also warrantly for performance of the contract, in respect of the items quoted by him. He will further warranty that the items of equipment supplied by him shall perform suitably in conjunction/combination with other items of the drying system.

v) The foreign tenderers may utilise the service of their authorised agents in India to submit and progress their offer.

vi) a) Last date for receipt of tender 11.5.1982 at 1 p.m.
b) Date of opening of tender: 11.5.1982 at 3 p.m.
c) Delivery of items shall be completed within 120 days from the date of placement of confirmed purchase order.

vii) Earnest Money Deposit: 2% of the tender value subject to a maximum limit of Rs 20.000/-EMD to be deposited in cash or through Demand Draft or pay order drawn on any Nationalised Bank or State Bank of India, or its subsidiaries, OR Bank guarantee in prescribed proforma given in Section-IV, of Tender document. However, small scale industries registered with National Small Industries Corporation under single point Scheme are exempted from depositing Earnest Money.

viii) Tender document (non-transferable) can be obtained on any working day from the office of the Chief Engineer, National Seeds Corporation Limited, Beej Bhavan, Pusa Complex, New Delhi-110 012, on payment of Rs 100/-(non-refundable) in cash or by crossed Demand Draft in favour of the National Seeds Corporation Limited, New Delhi. Tender will be supplied, free of cost on request to Small Scale Industries registered under single point scheme against production of photostate copy of Registration Certificate.

PLEASE QUOTE TENDER REFERENCE NUMBER WHILE MAKING REQUEST FOR TENDER DOCUMENT.

ix) Sale of tender documents shall commence witheffect from 12.3.82 and will be stopped on 10.5.82 at 4.30 p.m.

x) The corporation reserves the right to accept or reject any/all tender(s) without assigning any reason thereof.

MANAGING DIRECTOR

davp 947(9)/81

Beyond headlines

Rural development and voluntary agencies

By I. Satya Sundaram

THE role of voluntary agencies in rural development has been clearly recognised since most rural problems are complex and multi-dimensional. Earlier, voluntary agencies concentrated on social reform, education and health services; after independence they moved to welfare and relief and by the mid-1960s attention began to turn to development and then to appropriate technology, ecology and micro-planning. In important spheres like adult education, they have established rapport with government departments.

Though the growth of voluntary organisations was rapid particularly after 1965, their territorial development has not followed a uniform pattern: about 60 per cent of the organisations are concentrated in eastern and western regions. Their number is more in relatively developed districts. Concentration of facilities in a few regions has resulted in concentration of voluntary agencies in these regions.

There is a growing awareness of the role of voluntary agencies in influencing the attitudes of citizens towards change, in articulating the non-commercial interests of private groups, and in bringing large segments of the hiterto inactive population into active political participation. *The Sixth Five Year Plan: 1980-85* (page 183) has admitted that "supplemental action by voluntary agencies in promoting activities for self-employment as well as development of the rural poor will be of invaluable help in optimising the results of plan programmes, by enhancing the effectiveness and efficiency of the services provided by governmental functionaries and by motivating the concerned beneficiaries and rendering suitable guidance to them in the formulation of viable projects and sources of funding."

A comparison is often made between the role of voluntary agencies and that of government departments in the sphere of rural development. The voluntary agencies as opposed to government agencies have flexibility in their functioning. They have the virtues of human touch and dedication. They are nearer the community and act quickly without waiting for any order or directions at the time of need.

Voluntary agencies are having a dedicated band of workers well acquainted with the felt needs and aspirations of the people in their area of operation and as such would be in a better position to get people's cooperation in the implementation of development programmes. They enjoy the advantages of flexibility in decision making, quick execution, employment of trained hands instead of routine bureaucrats. They are also most appropriate institutions to organise the rural poor.

Where public participation and rapport are crucial as in the case of education and health, a good many voluntary agencies with dedicated and selfless band of workers have an edge over the bureaucratic machinery. One has to appreciate their desire to experiment with new programmes, strategies and approaches to rural development without incurring large expenditures.

However, at present there is ambiguity between the government and the voluntary organisations in their respective roles. Some directions and guidelines have to be issued to local level administrative machinery for active identification and collaboration with voluntary organisations in the field of development. This is essential because the lower echelons of the Government and partly the public view voluntary efforts with apathy, suspicion and distrust.

Though the voluntary agencies take up multiple programmes, the emphasis is on a single programme. Most of them concentrate on social development, probably because the governmental programmes have limited impact on this
sphere. The programmes are mostly ba
on the needs of the people, the resour
available in the area and the objecti
of the organisations.

Voluntary agencies should give
portance to evaluation to improving th
efficiency. Evaluation implies a willi
ness to measure results and to ma
changes in both goals and methods a
result of considered evidence. Evaluat
is not merely a one-time effort or a cr
management tool. It is an on-go
process, an integral part of the vari
targets of project development, im
mentation, follow-up and feed back.

The voluntary agencies are also
periencing some difficulties. They
unable to mobilise financial resour
from within the area they are serv
and people benefited. Undue depende
on external funds defeats the very obj
ive of self-reliance. Another constra
is that most organisations suffer fr
lack of second line of leadership. Th
is also interlocking of leadership resu
in inadequate and ineffective supervis
Most of them lack technical exper
though at present they are acquirin
hiring it as and when necessary. Du
unfavourable power structure, they
face pressures from vested intere
There is lack of communication betw
and within organisations and absenc
coordination. While most organisat
are busy in helping the poor, they
suffer from absence of proper rec
relating to the conditions of
beneficiaries.

Most voluntary agencies feel that
masses must be awakened to their ri
and dignity so that they will be consc
of the nature and causes of their
condition. This must be the starting
of true development. The main tas
voluntary agencies is to mobilise
resources, particularly manpower, fo
development of local areas. Exte
assistance should only supplement
locally available resources, funds as
as manpower.

Mr. Satya Sundaram is lecturer at Post-graduate Department of Economics, The Hindu College, Machilipatnam (A.P.).

LETTERS

Enquiries against Gandhian institutions

SIR,—I have read your views *(Editor's Notebook, Commerce* dated February 27, 1982) in connection with governmental enquiry against Gandhian institutions. I must thank you for taking note of the enquiry commission and the motives behind setting up the commission.

As stated by you, the chairmen of the three institutions have already, in a joint communique, welcomed the setting up of the commission. But I would like to point out one fact for information of the general public and it is that these three organisations have never run on governmental grants. And that they have been carrying on their missionary service with the help of donations received from the public. What is at stake is the place of voluntary organisations in the democratic set-up of the country. This is one point that has to be studied by all voluntary organisations.

Vasant Bombatkar,
Secretary,
Sarva Seva Sangh,
GOPURI—WARDHA.

Bankers be on guard

SIR, — In the article "Bank pays damages to customer" in *Commerce* dated February 6, 1982 bankers have been asked to be on guard. They have relied too long on the goodness or intertia of customers to insist on their rights. It is true that most customers do not wish to spoil their good relations with bankers. But now when, by their attitude and behaviour, bank officers and employees spoil their relations with the customers and when consumer movement is slowly but steadily gaining ground, bankers cannot hope to rely on goodness or inertia of customers.

It is only when customers are aware of their rights and try to guard them, banking efficiency may improve. Further when bankers keep up good relations with the customers they may be able to settle amicably any claim when made.

For over a decade an impression is gaining ground that banks are for bank employees and not for customers. When a customer complains, it is mostly looked into with staff orientation and not customer orientation. The days when the approach was that customer is right have given place to staff is right. There are instances where the complainant was forced to withdraw the complaint and even apologise.

Some days back the Finance Minister said that after all banks were not meant merely to serve the personal interest of bank employees. They had to provide proper customer service too, he said.

Customers cannot depend on such exhortations from time to time by the Finance Minister, the Reserve Bank or bank managements. If they insist on their rights and demand making good the loss due to negligence and indifference of bank staff or officers, bankers would be on guard and service may improve. Consumer movement, it appears, is the answer to deteriorating service in banks and elsewhere.

S. R. Prabhu
BANGALORE

NOTICE

It is hereby notified for the information of the public that Peico Electronics & Electricals Limited, having its registered office at 7, Justice Chandra Madhab Road, Calcutta-700 020, proposes to give to the Central Government in the Department of Company Affairs, New Delhi, a notice under sub-section (1) of Section 21 of the Monopolies and Restrictive Trade Practices Act, 1969, for substantial expansion of its activities. Brief particulars of the proposal are as under:—

(i) Name of the body corporate owning the undertaking	PEICO ELECTRONICS & ELECTRICALS LTD
(ii) Capital structure of the applicant undertaking. :	Authorised 20,000,000 equity shares of Rs 10/- each — Rs 200,000,000. Issued and subscribed 18,000,000 equity shares of Rs 10/- each, fully paid up. — Rs 180,000,000.
(iii) Details of the proposed substantial expansion. :	
Name of new goods to be produced, supplied, controlled or distributed or of new services to be rendered.	Lamp Caps (to be manufactured in our existing factory at MIDC Industrial Area, Trans-Thana Creek Area, Maharashtra)

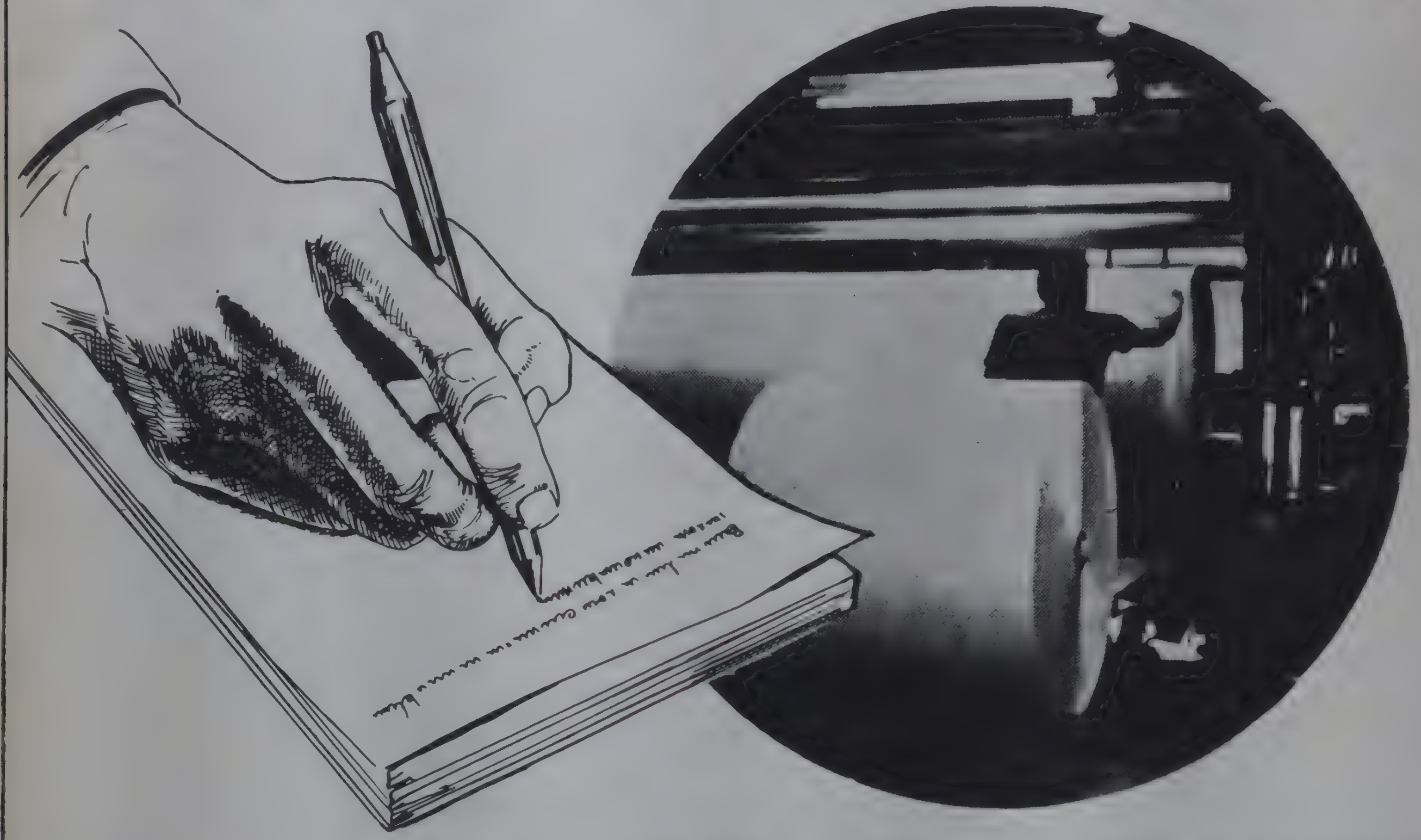
2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi within 14 days from the date of publication of this notice, intimating his views on the proposal and indicating the nature of his interest therein.

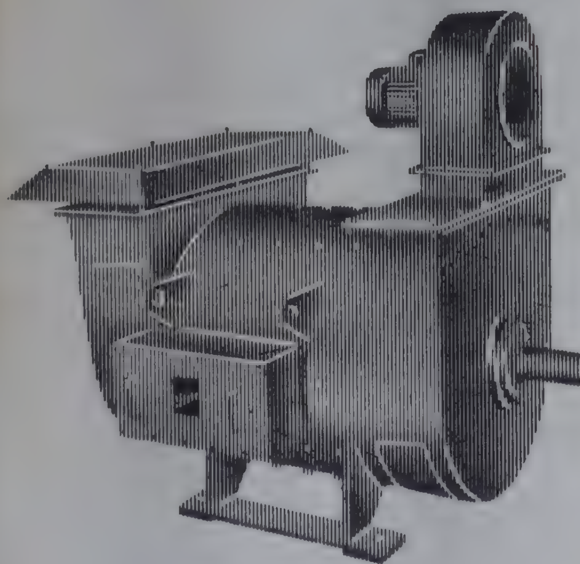
Registered Office:
7, Justice Chandra Madhab Road,
Calcutta-700 020.
Date: 9-3-1982

R. K. ARORA
Secretary

We will
put it on paper
KIRLOSKAR ELECTRIC DC MACHINES

Kirloskar





Kirloskar Electric Company have developed a comprehensive range of DC Machines specially for Paper Plant Applications.

This is our contribution to the National effort to reach a production of 5 million tonnes of paper per year by 1990s— newsprint, bond paper, speciality paper, etc. We have already supplied DC motor requirements to a large number of paper mills.

With manufacturing expertise in DC Machines for 15 years and Rotating Machines for 36 years, Kirloskars can supply DC Machines to National and International Specifications with power ratings from 1.5 to 750 kW in various enclosures, to meet any type of operational requirements

SPECIAL FEATURES:

- Low Inertia Armature—permits rapid acceleration and deceleration.
- Degree of Protection, IP 21, 22 & 23 to suit locations.
- High overload capacity—upto 200% for 15 seconds; High starting Torque—200% Full Load Torque.
- Low inherent speed regulation.
- Continuous rating on Full Load at 45/50°C ambient.
- Very high rate of change of current capability.
- Thermisters, space heaters and Tachogenerator mountings, extra

Converting energy for the millions

KIRLOSKAR ELECTRIC CO.LTD

Manufacturing Units: Bangalore • Hubli • Peenya • Mysore

For further particulars please contact our office at:

BANGALORE : Post Box No. 4, Peenya Industrial Area, Phase II Bangalore-560 058. Telephone: 38961
BOMBAY : 302 B, III Floor, Poonam Chambers, Dr. Annie Besant Road, Worli, Pin-400 018. Telephone: 39616'
CALCUTTA : 'East Anglia House', 3C Camac Street, Pin-700 016. Telephone: 24-0075, 21-2435, 21-2277
MADRAS : 751, Mount Road, Pin-600 002, Telephone: 81425, 89871
NEW DELHI : 706, VII Floor, 24, Barakhamba Road, Ashoka Estate, Pin-110 001. Telephone: 43549, 42963.
AHMEDABAD: 17-20 II Floor, Jayendrapuri Bhavan, Ellis Bridge Ashram Road, Pin-380 006. Telephone: 77094

/KEC/83/A1

1 3 APR 1982
C.F.T.R.I., MYSORE

N THIS ISSUE

COMMENTS

Editorials

493 Potatoes: Bankruptcy of policy
494 Another coal price hike ?
494 Salem: Doubling the capacity
495 Where's raw material for paper industry?

COLUMNS

497 Editor's Notebook (Vadilal Dagli)
515 Capital market: Need for innovation in capital mobilisation(Scrutator)

COVER STORY

1-16 Top 500 private sector companies (A Commerce Research Bureau study)

FEATURES

Union Budget 1982-83 (A 72-page survey)
489 Letters: Enquiry against Gandhian institutions; Bankers be on guard
492 People; The Week
496 Letter from Hongkong: China earns over US $ 10,000 million annually from Hongkong

SPECIAL REPORTS

499 Union Budget: Deficit limit already crossed
503 Maharashtra Budget: Tax effort of Rs 33 crores
504 Punjab Budget: Widening deficit

COMPANIES, STOCKS & COMMODITIES

509 Market Gossip: Illegal silver imports into India?; Government borrowings; Atlas Cycles merger proposal cleared

Corporate sector

514 In the market: Bombay Dyeing; Swiss Jewels; Modipon;
516 Financial analysis of operations of non-financial companies
517 Equities: Silvery shares lose shine
518 Commodities

STATISTICS

501 Retail prices of essential commodities in India

COMMERCE

Vol. 144 No 3693 MARCH 20, 1982

EDITOR: VADILAL DAGLI **ASSOCIATE EDITORS:** D.B. MAHATME; SUBHASH CHANDRA SARKER

Commerce Publications Ltd, Manek Mahal, 90 Veer Nariman Road, Bombay 400 020,
Telephone: 253505, 253562, 253392

Subscription rates: Inland — Yearly Rs 200 (Students and teachers Rs 115), Half-yearly Rs 115

Foreign Airmail — Asia and Africa (including South-East Asian and West Asian countries) £ 37, Japan Yen 21,418, UK and Europe £ 46, USSR Rouble 71, United States US $ 117.

PEOPLE

Kasliwal

Sen

Ackermann

Gowda

Moitra

Mr Abhaykumar S. Kasliwal has been re-elected president of the Maharashtra Chamber of Commerce for 1982-83. Mr Kasliwal, who is the chairman and managing director of the well-known textile firm, S. Kumar Ltd, is a leading figure in the textiles, rubber and export field. He is also deeply involved in the affairs of many industry and trade bodies such as FICCI, Silk and Rayon Textiles Export Promotion Council, etc and is a representative on numerous government and semi-government organisations, social and educational institutions.

Mr P. C. Sen, who has been appointed chairman and managing director of Burn Standard Co. Ltd, Calcutta, a public sector undertaking, studied in Darjeeling and Calcutta. After specialised training in the UK in electrical and diesel locomotive production, he joined the Eastern Railways where he rose to the position of deputy chief mechanical engineer (works). Later he worked with many other companies like Westinghouse Saxby Farmer Ltd, Durgapur Chemicals Ltd, Britannia Engineering Co and was the president of American Refrigerator Co Ltd before joining Burn Standard.

Mr J.L. Ackermann has been appointed chairman of Cyanamid India Ltd. Mr Ackerman has held various assignments with American Cyanamid Company in the USA and, before joining Cyanamid India, he was based in Singapore as the general manager for Cyanamid's medical, agricultural, formica and chemical business.

Mr G.L. Nallure Gowda, president, Karnataka State Cooperative Bank Ltd, has been elected chairman of the National Federation of State Cooperative Banks Ltd. He has been vice-chairman of the federation since 1978.

Mr A.K. Moitra, who was till recently additional chief personnel manager at Durgapur steel plant, has taken over as head of personnel department at the plant.

Mr Padmakar Dhamdhere, Mr Arvind Doshi and Mr Charudatta Shah have been elected vice-presidents of the Maharashtra Chamber of Commerce.

Mr Apoorva Shah, chairman and managing director of Gujarat Steel Tubes Ltd, has been appointed to the board of Bank of India.

THE WEEK

The International Finance Corporation has offered to provide funds for the projects of Indian engineering units, specially those in the medium and small sector.

The Exim Bank of India has offered commercial banks bill rediscounting facilities upto Rs 25 crores on exports.

The Birlas have decided to participate in a 8 million dollar zinc and lead mining project to be located in the 4,000 metre high Ganesh Himal region of Nepal.

The Rashtriya Chemicals and Fertilisers Ltd has been allowed to float bonds in the Kuwait market for KD 30 million (about Rs 95 crores) to raise foreign exchange for the Thal-Vaishet fertiliser project.

The Union Government proposes to import 14.4 million tonnes of crude oil valued at Rs 3,200 crores at prevailing prices during 1982, according to the Union Minister for Petroleum, Chemicals and Fertilisers, Mr P. Shiv Shankar.

The Reserve Bank of India has constituted a working group under the chairmanship of Mr A. Ghosh, deputy governor of RBI, to identify the tasks for the banking system for effective implementation of the new 20-point programme. The group is expected to submit its report within two months.

Wholesale price index

At 275.9 the latest available wholesale price index for all commodities for the week ended February 27, 1982 showed a fall of 0.5 per cent over the preceding week. However, at this level the index showed a rise of 2.6 per cent over the year.

Money tight

Conditions in the Bombay short-term money market were stringent as of Monday (March 15, 1982). In the inter-bank call money section both notified and commercial funds were renewed at ten per cent. Fresh money was also transacted at ten per cent. The market closed at ten per cent.

COMMERCE

MARCH 20, 1982

Potatoes: Bankruptcy of policy

POTATO is not only an important vegetable in the country but is also a supplementary food. Recent researches have highlighted the food value of this commodity. On a per hectare basis potato can produce more energy and utilisable protein than any other major food crop. It ranks first among the major world crops in yield, fourth in production and sixth in acreage. Potato is cultivated in India over an area of eight lakh hectares. Five states account for the bulk of the acreage: Uttar Pradesh (2.8 lakh hectares), West Bengal (1.6 lakh hectares), Bihar (1.4 lakh hectares), Punjab (55,000 hectares) and Haryana (13,000 hectares). Logically enough, Uttar Pradesh is the largest producer of potato in the country (43 per cent), followed by West Bengal (25 per cent), Bihar (11 per cent), Punjab (seven per cent) and the others. In these states also the major production is concentrated in a few districts. The uptrend in potato output in recent years is attributed partly to an increase in area under the crop and an increase in productivity following the introduction of high-yielding varieties of seeds and improved technology. According to the National Accounts Statistics the gross value of potatoes produced in India was Rs 643 crores in 1977-79, accounting for 1.9 per cent of the value of gross agricultural produce. Thus the crop occupies an important place in the Indian economy. The production rose from 8.3 million tonnes during 1979-80 to 10.1 million tonnes in 1980-81 and is estimated at 10.6 million tonnes in 1981-82. India's share in the total world production (284 million tonnes in 1979) of potato is only 3.6 per cent. The USSR is the largest producing country accounting for more than 30 per cent of the global output. The second largest producer of potatoes in the world is Poland (17 per cent) followed by USA (6 per cent), China (5 per cent).

It is estimated that about 25 per cent of the potato crop goes waste in different stages of handling and marketing in this country due to outmoded post-harvest technology and the perishable nature of the commodity. Another 18 to 20 per cent of the produce is retained by the growers for domestic consumption and seed purposes. Only about one-half of the total production forms the marketable surplus in this country. Like many other agricultural crops, potato is subject to wide seasonal fluctuations in prices. During the harvest season, prices go down considerably. As the crop is a perishable commodity, the price fall is very drastic in some areas at certain periods of time and leads to distress sales by growers, who have, consequently, to suffer heavy losses. The prices are generally low during the period December to March which is the peak period of arrivals. Thereafter prices start rising and reach the peak during October and November. There is a considerable spread between the price received by growers and the price paid by consumers.

With the increase in production, marketing problems have become more acute on account of lack of adequate infrastructure like transport, storage, and processing. The marketing of potato is mainly in the hands of private traders. It is only during the last few years that cooperative agencies, particularly *NAFED* and some state federations have entered into potato marketing on a large scale. About 90 per cent of the cold storage capacity in the country is utilised for potatoes. The present level of cold storage capacity is, however, very inadequate for production of over ten million tonnes of potatoes. As on January 1, 1980 the total installed capacity of cold storage in the country was about 3.3 million tonnes. Most of the capacity was in the private sector (92 per cent) while only seven per cent was in the cooperative sector.

The Government of India appointed a group last year under the chairmanship of Dr. M. S. Swaminathan to go into the problems of perishable agricultural commodities (including potatoes). The group made its recommendations in March 1981. The major recommendation of the group was the creation of a new institutional framework for handling the marketing of perishable commodities. It recommended the establishment of a national horticulture promotion board, regional/state horticulture cooperative federation and primary horticulture marketing societies at the base level. It also recommended encouragement of exports of these commodities.

The *NAFED* has stepped into the marketing and export of potato in recent years. During 1978-79 it purchased 74,515 tonnes of potatoes. *NAFED* has sought to adjust its purchases in tune with the marketability of the crop by the producers otherwise. For example, during 1977-78 it purchased only 3,500 tonnes of potato because there was no problem of marketing potatoes at fair prices to the growers. The same was the case during 1979-80 when *NAFED* bought only 9,458 tonnes. During 1978-79 it exported 17,000 tonnes of potato valued at Rs 1.69 crores. It may be mentioned that the exports of potatoes from the country were the highest (about 45,000 tonnes) in 1976-77 valued at Rs 5.85 crores. Total world exports of potato varied between two to five million tonnes during the last decade. India's exports form an infinitely small part of the global exports.

The main problem in the marketing of potatoes is to carry out the marketing in such a way that the growers do not suffer losses due to low prices in the immediate post-harvest season as also the consumer gets potatoes at a reasonable price in the lean season. The question of price support for potato comes up occasionally in this context. Earlier this month the Government of India rejected the demand for support price for potatoes, the reason given being that it was not possible to do so unless the State Governments were willing to purchase 50 per cent of the crop offered for sale by growers. Another reason given was that government had suffered a loss of Rs 6 crores by offering price support for onions (a commodity very similar to potatoes so far as perishability is concerned).

The reasoning of the Government in rejecting the suggestion for a support price for potato is rather peculiar. There is no iron law that state intervention in protecting the growers' interest must always involve a loss. If private traders can make money on potatoes there is no reason why the public sector agencies cannot do the same. On the other hand los making is an administrative problem which the Governmer should know how to tackle. In the context of the far fror comfortable food situation the neglect of the interest of potat growers could prove to be costly in more than one ways. N doubt the development of growers' cooperatives for the purpos of marketing can go a long way towards solving their problem However, in the socio-economic context it may not be realisti to expect the cooperatives to shoulder the entire responsibilit of potato marketing. The duty of the government to com forward to purchase the surplus potato crop at remunerativ prices is thus imperative. To seek to abjure this responsibilit points to a bankruptcy of policy.

Another coal price hike?

ALTHOUGH no increase in coal prices has been announced as a part of the budget proposals, rumours and speculations about a proposed 12 to 14 per cent increase have not quite been set at rest. The latest newspaper speculation is that another dose of increase will be announced during the budget session of Parliament itself. Yet another conjecture is that the government would withdraw part of the excise on all grades of coal while leaving the prices unchanged and thereby compensate the coal industry for cost escalations. In the latter case, of course, the consumers would have no reason to complain unless the government collects the revenue from them in some other way.

However, the private sector consumers, who account for a total offtake of around 20 million tonnes, feel that another stiff increase in the coal price is round the corner. This may be the result of the IMF conditionality which makes it necessary for the government to reduce budgetary support for nationalised industries, especially coal, steel and power. IMF conditionality or otherwise, it is a good principle to help nationalised industries earn a reasonable surplus for their products which would ensure an adequate return on the capital invested and at the same time leave some surplus for plough-back purposes. But it has to be ensured at the same time that the enterprises have made the necessary effort to produce goods at the lowest possible cost and all unnecessary waste has been eliminated.

The Coal Consumers' Association of India has, in a communication to the Prime Minister, pointed out how steep was the last round of increases exactly a year ago and how it would upset the cost structure of the consuming industries if another big increase was granted in the matter of a year or so. It has been pointed out that in early 1979 a 32 per cen increase was allowed and, hardly had the consuming industrie digested the impact, there was yet another stiff hike on Februar 14, 1981. The latter meant an average price hike of 26 pe cent for Coal India and 37 per cent for Singareni Collieries. I fact, an analysis of the price increases for non-coking coal coking coal and hard coke shows that in some categories such as semi-coking grade two, the price increase worked ou to 40 per cent and for hard coke, B.P. premium grade, th effective increase was 39.5 per cent. Though lesser, but stil stiff enough for the grades concerned, were the increase concerning non-coking coal grade D, washery grades 3 and 4 and these varied between 30.4 and 36.2 per cent. Such orde of increases would be hard to digest in any circumstance especially at a time of continually galloping inflation. If the consuming industries have managed to contain their costs with difficulty they will not be able to do so if another increase is granted when strong inflationary pressure continues t persist.

These arguments of the Coal Consumers Association ar based on solid facts and there is enough scope, as the Bavej Committee pointed out, to cut costs in the coal industry b raising production steadily through better utilisation of minin equipment and machinery, cutting out top-heavy overhead and redundant labour, checking absenteeism going on notorious scale and through better control of inventories Coal output in 1981-82 has gone up to 124 million tonnes an the next year the industry is set to produce more. The consuming industries can justifiably hope that they shoul get some benefit of this rising production which should be bringing down overhead costs with it.

Salem: Doubling the capacity

OBVIOUSLY, the Salem steel plant, which was commissioned on September 13, has got over its teething troubles and this is why the Union Industry, Steel and Mines Minister, Mr N. D. Tiwari, announced last week that doubling of the capacity of the plant had been planned. The expansion, which involves the addition of a second sendzimir plant, would increas the present production capacity of 32,000 tonnes a year t 65,000 tonnes and, according to Mr Tiwari,the Steel Authorit of India Limited *(SAIL)* had been asked to get the expansio report prepared at the earliest. While the cost of the first stag of the plant was put at Rs 167 crores, the expansion would cost only Rs 50 crores thus reducing the unit cost of production. When Salem was commissioned, based on imported hot rolled coils, the fear was that it would run into heavy losses. With customs duty on imported hot rolled coils as high as 325 per cent, the annual loss on the production of 32,000 tonnes was estimated to run into as much as Rs 86 crores, the cost of production being Rs 83,000 per tonne against the market price of cold rolled sheets of Rs 56,000 per tonne. Actually, as had been pointed out by the former chairman of *SAIL*, Mr K. C. Khanna, the original plan for Salem was drawn when the import duty on hot rolled coil was only 75 per cent. Fortunately, the government has reduced the duty on imported hot rolled coils from 325 per cent to 125 per cent and partly this explains why the output of cold rolled stainless steel of the plant has risen from a mere five tonnes from September last to 645 tonnes in January. But to be competitive with other stainless steel producers Salem will have to reduce further its cost of production and expansion of capacity for this is essential.

Import of stainless steel slabs, instead of hot rolled coils, is contemplated and these are to be rolled in Bokaro steel plant and sent to Salem for further processing. The second sendzimir plant will use the continuous cast stainless steel slabs that will be produced at the alloy steel plant of Durgapur and first processed at Bokaro. *SAIL's* top officials have said that both the schemes aim at cutting down the cost of raw materials and save the outflow of foreign exchange. This should improve the economics of Salem steel plant and help it to increase the demand for its products. Currently half of the demand for stainless steel flat products comes from utensils manufacturers and the other half from industrial consumers like petroleum, fertilisers, pharmaceuticals and chemical industries. While the utensils manufacturers need thinner gauges, industrial consumers can do with thicker sections. Stainless steel utensils need no longer be treated as a luxury item with even lower middle class and some among the labour class also preferring them to aluminium and other metal utensils. They can be made cheaper and not sold at the current exorbitant rates, if Salem supplies the raw material at a reasonable price, which means that its production cost should be low.

Salem steel plant has the reputation of being the most sophisticated stainless steel plant in the entire region of South-East Asia and its sendzimir cold rolling mill is said to be the fastest of its kind. Mr Tiwari has, however, pointed out that direct reduction techniques using solid reductant (non-coking coal) had been perfected all over the world, and said that Salem should benefit from it. This was why the Government of India had asked for preparation of a new detailed project report of an integrated special and stainless steel plant based on the direct reduction process. It was proposed to examine the feasibility of Neyveli lignite solid reductant. What all this means in terms of economics of stainless steel production in the country it would be premature to say at this stage. But it is to be welcomed that Salem steel plant will make use of the latest technology.

Where's raw material for paper industry?

THE paper industry produced 1.10 million tonnes of paper during 1981 as against a rated capacity of 1.56 million tonnes. The capacity utilisation thus worked out to only 70 per cent, which was slightly above the break-even point and did not help the industry to earn a reasonable return. The unsatisfactory rate of capacity use was not because of inadequate demand (though substantial imports through the state-owned Hindustan Paper Corporation did create a glut in some categories temporarily) but because of inadequate supply of raw materials and energy inputs like electricity and coal.

Taking a longer view of the raw material problem it seems that the situation is likely to get worse rather than better as the sources remain insufficiently developed. At the present level of installed capacity the industry's raw material requirements are placed at 5.1 million tonnes, of which supplies of bamboo, the main raw material, do not total more than 4 million tonnes. This is going to be bamboo position in the foreseeable future. So, hard woods will have to provide a fair part of the raw material needs and agricultural residues like straw and bagasse can be used as raw materials for whatever capacity cannot be fed by bamboo or hard woods. But then the total requirement itself will keep rising as more and more capacity comes into use. During the next four years for instance nearly one million tonnes of new capacity is likely to be installed. Letters of intent have also been issued for a total capacity of nearly 1.4 million tonnes which means that by the turn of the current century 4.2 million to 4.3 million tonnes of paper manufacturing capacity will have been installed in the country.

Corresponding to this growth in manufacturing capacity, the raw materials requirement will be rising in step. According to a calculation of the Indian Paper Makers' Association, the requirement will be rising from 5.1 million tonnes in 1981 to 6.6 million tonnes in 1986, to 8.4 million tonnes in 1991, to 10.5 million tonnes in 1996 and to 12.7 million tonnes by the end of this century. Bamboo supplies in the long run are likely to vary between 4 million and 4.5 million tonnes. How other raw materials including hardwood, agricultural residues and recycled waste materials can make up the deficit should be subject of systematic and scientific study. It was from this point of view the seminar on raw materials organised by the Indian Paper Makers' Association in New Delhi was a welcome move to size up the problem in its correct perspective and suggest appropriate solutions.

One of the important suggestions made was that mere dependence on natural forests would not solve the whole problem. Industrial plantations should be encouraged side by side. If the joint sector concept was brought into play in the matter of such plantations the land ceiling difficulty can be got round. Some of the state governments have already participated in such joint ventures and more should follow the example.

LETTER FROM HONGKONG

China earns over US $ 10,000 million annually from Hongkong

— M.P. Gopalan

THE unique ties between capitalist Hongkong and socialist China have no parallel anywhere. The people of Hongkong, 98 per cent of whom are Chinese, depend largely on the mainland for their food and water. In turn Hongkong continues to be the most important source of foreign exchange earnings for China ever since 1949 when the communists came to power in Peking.

Exports to Hongkong range from melon seeds and pickled vegetables to fresh foodstuff, pigs and beef cattle. Light consumer items such as textile fabrics and garments, and wooden furniture form a significant part of the sales to the colony. The proliferation of wholesale and retail outlets for Chinese goods is proof enough for the wide popularity they enjoy among people here

Hongkong is also an important outlet for Chinese oil. China's exports to Hongkong in 1980 accounted for nearly a quarter of the country's total exports. But imports from Hongkong in the same year were only less than three per cent of its total imports.

Bilateral trade has been running overwhelmingly in China's favour. Hongkong's exports and re-exports amounted to HK$ 6,250 million (US $=HK $ 5.80) as against its imports valued at HK $ 21,950 million in 1980. Hongkong's exports consist of watches and clocks, yarn, cotton fabric, clothing, telecommunication apparatus (radio parts), radio sets, plastic products and tobacco. Sale of electricity began in 1979 mainly for use in the Special Economic Zone in Zhenshen across the border and has been increasing at a rapid rate. Hongkong's re-export include trucks and vans, electronic parts and synthetic fibres. Chinese imports of consumer goods also keep rising following the relexation of controls over domestic consumption.

Nearly a dozen commercial banks controlled by mainland Chinese interests operate in Hongkong. They finance business in Chinese goods and provide routine banking services. They also handle remittance from residents to their folk in China, a significant source of foreign exchange.

Until last year there was a steady flow of legal and illegal immigrants into Hongkong from the neighbouring Guandong Province. About half a million of them crossed the border by land or sea during the five years ending 1980. When the exdous became uncontrollable late in 1980, the Hongkong government and the provincial authorities, with the concurrence of London and Peking, came to an agreement to stem the tide. Illegal immigrants are no more a big headache for Hongkong.

Hongkong and foreign investors have set up numerous joint-ventures in special economic zones in China's Guangdong province. These are a 'post-Gang of Four' development, part of the modernisation campaign. Availability of land and water, cheap and disciplined labour, and the proximity of Hongkong with its enormous infrastructure make their light industrial products competitive in the overseas markets. For Guangdong, these industries provide employment, foreign exchange and the modernisation of its own industries. Needless to say, smuggling, corruption and the other so-called 'capitalist curses' keep pace with industrial growth. Communist authorities have recently set up an anti-corruption supervisory body to check this social malaise.

Occasionally, the future of Hongkong comes up for debate among investors, academics and the authorities. The 99-year lease of the New Territories** which comprise 90 per cent of the colony's land area, where most of the large industries are located, terminates in 1997. Fifteen years is not a long period when estimated in terms of maturity of long-term loans required for big industrial and other projects. Naturally, investors and bankers look for guarantees which only Peking can provide. Top Chinese leaders including Deng Xiaoping and Prime Minister Zhao Zhiang have time and again assured local Chinese and foreign investors 'not to worry' about their capital and projects.

What the investors ask for are assurances that are legally valid. The Chinese refusal to recognise the old unequal treaties implies that renewal of the lease arrangement is a remote possibility. However, most observers believe the *status quo* may continue even after 1997, if the present pragmatic economic policies of the Chinese leadership continue at the turn of the century. A conservative estimate places Chinese earnings of foreign exchange from Hongkong, through exports, remittance and other invisible sources at over US $ 10,000 million a year.

Meanwhile, recession or no recession, Hongkong maintains its growth. Last year the gross domesitc product registered an increase of 10.7 per cent in real terms. GDP per capita at constant (1973) market prices rose by 7.9 per cent to US $ 2,330. It is in China's interest to see that Hongkong remains stable and keeps up its growth for that alone ensures increased bilateral trade and investment.

** The New Territories — comprising the area north to Kowloon up to Shum Chun River, and 235 islands — was given on lease for 99 years to Britain by the Manchu rulers,according to the Convention of Peking June 9, 1898. Earlier, under the Convention of Chuanbi, January 20, 1841, the Hongkong Island was ceded to Britain. A few years later the Kowloon Peninsula and the Stonecutter's Island became part of British territory. Peking says that all these agreements were forced on the Manchus who lost in wars fought on their soil. China calls them unequal treaties and does not recognise their legal validity.

EDITOR'S NOTEBOOK

Vadilal Dagli

HAL has no work

THAT India is a sick society is again highlighted by the fact that nearly 20,000 workers of the state owned Hindustan Aeronautics Ltd (HAL) in Bangalore are just sitting idle because there is no work in the factory. The *Indian Express* published the following fantastic report on HAL on March 16:

"HF-24 production is a closed chapter. Production of Kiran trainer aircraft is coming to an end. Designs for Kiran Mark II are ready, but there is no production. Jaguar production is yet to take off. The present plans are only to assemble the aircraft and not to produce it. Actually the management has dropped proposals to send a second team to Europe for training in Jaguar production. Even production of Ajit — replacement for the famous Gnat — is at a standstill. Mirage-2,000 production plans are also in doubt. Over 1,200 design engineers are busy enriching their knowledge in the library. As a factory employee put it, the only departments which have full work are transport, security, canteen and salary sections".

What do they do? The Chief Administrative Manager of the HAL's Bangalore unit has issued a circular extolling the virtue of transcendental meditation! The circular is reported to have said: "Scientific research has established that TM (transcendental meditation) bestows the following benefits: deep relaxation, release of stress, tension and fatigue, increased energy and creativity, better memory and improved learning ability, excellent health, increased job satisfaction and productivity and improved personal relationship"

The country has invested more than Rs 260 crores in HAL and its sales in 1978-79 amounted to Rs 156 crores. The *Economic Survey* of the Finance Ministry stressed the supreme importance of capacity utilisation. The Prime Minister declared 1982 as the 'Year of Productivity'. HAL has become an example of 100 per cent non-capacity utilisation. It speaks of a moral collapse if the Government does not know in advance what it is going to produce in the country's prestigious aircraft factory. The conclusion is inescapable that in economic matters the very act of governance has come to a standstill.

Governor as constitutional head

THE President and governors of States are constitutional heads of their respective governments and should implicitly follow the advice of his cabinet. This is the essence of the parliamentary form of government. I was, therefore, delighted to see the address of Mr. B.D. Pande, Governor of West Bengal, which might have caused surprise to those who are not familiar with the constitutional position. Mr Pande dutifully read out the address prepared by the Marxist West Bengal Government headed by Mr Jyoti Basu, which in some parts was critical of the Central Government which had appointed Mr Pande Governor.

The Governor expressed the view that even within the ambit of the present political-economic structure there would have been an acceleration of economic and industrial growth in West Bengal, were Central Government policies in respect of certain matters somewhat more in consonance with the urges of the people of the State. Mr Pande expressed distress that the State Government's proposal to set up a petro-chemical complex at Haldia had not yet been cleared by the Central Government. He also mentioned the uncertainty regarding the flow of funds for the completion of the second Hooghly bridge. The problems of tea and jute industries in West Bengal had worsened because of credit contraction and other problems. "On all these issues", the Governor said, "the Centre's cooperation, I am afraid, has lagged behind".

Force spells respect

A top foreign policy adviser of Soviet President Brezhnev, Mr Henry Trofimenko recently gave revealing interview in which he bluntly asserted that military power of the Soviet Union has convinced the West that "the Soviet Union is not to be pushed around". He also says that in this world nothing can be decided without the participation of the Soviet Union. The only exception, in his view, is the dialogue between the rich and the poor countries from which the Soviet Union has kept out cleverly. Mr Trofimenko who was visiting London said: "We feel it should be the case, not because we are hegemonistic or want to meddle in everyone's affairs, but the thing is that whenever you try to decide something without the Soviet Union there is non-decision". How far the Soviet foreign policy has been successful? This was his reply "I would rate it as a measure of influence and of respect towards the Soviet Union, and I think I am quite satisfied that during the sixties and seventies the position of the Soviet Union as an actor in the international community improved, and that the Soviet Union has the respect of Western countries and of the countries of the Third World, and from this point of view I think we have been successful ..... I would say one of the things was that the Soviet Union really improved its defences, and that finally the West — or the United States, mainly — understood that the Soviet Union is not to be pushed around. And unfortunately, maybe, we do not live in an ideal world, we live in a world, like it is: that is to say, power, in a way, breeds respect."

On acting

CLAIRE Bloom,who became famous at the age of 20 when she starred with Charlie Chaplin in his classic film the *Limelight*, has written her autobiography which is incidentally entitled *Limelight and After: The Education of an Actress*. The autobiography deals more with the art of acting and less about her personal life. The following paragraph from the autobiography gives a memorable picture of both psychology and anatomy of acting:

"As for self-exhibition, the point is that it isn't yourself that you are exhibiting. You disappear. Far from dominating by the force of your ego, you hold sway, if you do, by egolessness. Your ego has to be present in everyday existence in order to fight through life's obstacles. But on the stage there is no interference from outside. There's only the story, whose outcome you know and whose progression you know, syllable by syllable, from beginning to end; the acting task is to make the story happen again and again, to transform acting into action, language into being."

SAHYADRI DYESTUFFS & CHEMICALS
offer
Intermediates and Dyestuffs

MALACRYL DYESTUFFS

ranging from Yellow to Black

for added confidence in dyeing and printing on acrylic fibres

- high colour value
- good build-up
- good solubility

INK BLUE

BASIC DYESTUFFS

- Auramine O
- Malachite Green
- Methyl Violet 2B
- Rhodamine B

PURIFIED BASES

- Rhodamine B
- Methyl Violet 2B

ALCOHOL SOLUBLES

- Auramine OF
- Rhodamine B

INTERMEDIATES

- N, N-Dimethylaniline
- Diethyl meta amino phenol
- Resorcinol

MAFATLAL SAHYADRI AGRO INDUSTRIES

SAHYADRI DYESTUFFS & CHEMICALS
DIVISION OF MAFATLAL INDUSTRIES LIMITED
Mafatlal Centre, Nariman Point, Bombay 400 021 (INDIA)
Tel.: 232822 Telex: 11 4240 MGMC IN Cable: SAHARVIND

MAFATLAL mil INDUSTRIES

pecial Reports

NION BUDGET

Deficit limit already crossed

NEW DELHI

GENERAL discussions on budgets are rarely enlivened by a scintillating erformance or the cut and thrust of arliamentary debate, with the result they rdinarily run a dull course amidst thin ttendance. The general discussion on he Mukherjee budget did not deviate rom this well-established pattern, lthough the Finance Minister's own eply, at the end of a 16-hour debate in hich 40 members participated, naturally voked greater interest.

The main thrust of Mr Pranab Mukherjee's reply was that this budget was not inflationary and that it would ive a boost to savings and investment. He asserted that uptil now there had been o rise in prices directly as a result of he budget. As for deficit financing at Rs 1,365 crores, it was within manageable imits. In fact, the economy in its present tate had the capacity to absorb a greater lose of deficit financing. Such a like of hinking would, of course, cause disppointment to those who are still nclined to take seriously the Sixth Plan document, which stipulates that the total udgetary deficit during the plan period hould not exceed Rs 5,000 crores, a limit hat has already been crossed at the eginning of the third year itself.

The Finance Minister pointed out that f the plan had to be enlarged by 21 per ent and provisions were also to be made or higher defence spending, he had no ption but to take recourse to a certain ombination of additional taxation and udgetary deficit. Over 50 per cent of he plan outlay had been earmarked for he energy sector.

The main plank of the attack on the udget by the opposition was that it had een dictated by the International Monetary Fund. The Finance Minister had little difficulty in demolishing their hollow arguments. Mr Mukherjee said hat the opposition had developed an obsession about the IMF. Lapsing momentarily into rhetoric he declared that f the budget carried the imprint of any document, it was that of his party's election manifesto.

The Finance Minister urged the opposition to be realistic. The present level of economic growth could not be sustained without imports, and the present level of imports in the extremely difficult balance of payments situation was not possible without recourse to medium term adjustment with the IMF for borrowing. The charge that liberalised imports was one of the conditions imposed by the IMF stood contradicted by the five per cent increase in customs duty on almost all items of import. Again the provision for the subsidy had not been reduced on any item. In fact the total subsidies were higher than before, although this did not mean that the Government was not interested in reducing the burden of subsidies.

The Finance Minister explained that he had only opened the window of savings. It was his view that industry did not need more concessions. If the infrastructural bottlenecks were removed, Indian industry, both private and public, could take care of itself.

Responding to criticism that his approach towards giving excise concessions for additional production had been constricted, Mr Mukherjee pointed out that the Government did not want to give sops in certain areas. For instance, if big match producers were allowed to expand production small match units would be wiped out. Therefore, only 38 items which required additional production were chosen for this concession. As for reduction of the import duty on acetate filament yarn, the step was taken to help the decentralised sector. Furthermore, concessions had been given to the electronics industry because it had a potential which was not being realised.

Making a reference to cement policy, he said the government had deliberately increased the excise in order to ensure that middlemen did not get more money at the expense of producers and consumers. The dual price mechanism was necessary as the difference between the controlled price and the market price was not going to the producer. Referring to abolition of wealth tax on plantations, he denied that this had been done to benefit the rich. Most of the plantations in India were under the corporate sector, which did not pay any wealth tax.

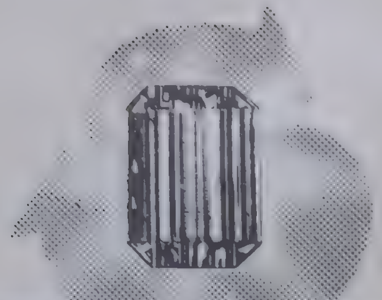
Mr Mukherjee was prone to be glib while referring to the pre-budget and extra-budget price hikes, evidently because he was hard put to explain them. He did not go beyond saying that such price adjustments were necessary for a sound fiscal policy, pointing out that the Janata Government had resorted to prebudget steel price hike on two occasions.

Considering his rising importance in a polity which accords almost feudalistic support to a Prime Ministerial son, Rajiv Gandhi's maiden speech understandably attracted much notice and attendance. For a parliamentary novice it was a sober and sedate performance which did not set the Yamuna on fire, yet succeeded in creating a favourable impression.

Mr Gandhi congratulated the Finance Minister for his "professional approach" and not succumbing to the temptation to resort to gimmicks to earn cheap populartity. While he dwelt at length on what he thought were positive aspects of the economy, he did not fight shy of pointing out deficiencies in various sectors of the economy. Capacity utilisation in the power generation sector at 46 per cent was woefully low. coal production should be measured in terms of calorific value rather than physical quantities, more funds should be allocated to research in renewable sources of energy and there should be am improvement in the infrastructure for utilisation of the irrigation potential.

Expressing particular concern over the performance of the public sector, Mr Gandhi said that if this could be improved, many of the country's problems would be solved. Managers should be made accountable for the performance of public sector enterprises in which thousands crores were invested.

Speaking immediately after Mr Gandhi the veteran parliamentarian, Mr Inderjit Gupta, had a word of praise for Mr Gandhi for his "serious presentation" but, of course, differed with him on all vital questions. Answering that the budget bore the imprint of the IMF conditionalities, Mr Gupta pointed out that



GEM FOR THE MONTH

AQUAMARINE is said to be the birthstone for **March.** Light blue, blue or blue-green, its hardness on Mohs' scale is 7.5—8. It symbolises **hope.**

Indian Bank helps light up hope for the handicapped

Indian Bank - the gem for all seasons, by all reasons

Banking symbolises money. Money helps build fortunes of individuals, organisations and nations. As an Agent of Change, Indian Bank provides money for productive needs and also banking service for all kinds of transactions.

At Indian Bank, your standing instructions for payment of rent, premium, transfer of funds or other periodic payments are carried out promptly. Your cheques, dividend warrants, pension payments, are collected.

Indian Bank's specialised Department for Credit Assistance to Weaker Sections has many schemes for financing self-employment at concessional rates of interest. Small Industries, Agriculture and Exports receive special attention and preferred treatment.

For your savings to grow rapidly, Indian Bank has many convenient schemes tailored to your specific needs

ADWAVE/IB/1872/8

Indian Bank

Helps build your fortune

NOW STUDDED IN PLATINUM

e economic survey had admitted that ll features are central to the adjustment the condition of extended facilities" the IMF. Import liberalisation was an MF conditionality. In recent years the olicy of import substitution had been ven up. Even the Tanzanian President ulius Nyerere had warned about the angers of accepting the IMF loan. The ommunist leader further alleged that he decisions to allow big industrial houses nd multinationals into the core sector nd high technology areas showed that he Government had been won over by ig business. Mr Gupta's criticism, of ourse, showed nothing more than a onditioned communist reflex.

Making his first major speech from he treasury benches since his redefection o the ruling party, Mr Y.B. Chavan, ormer Finance Minister, showered ncomiums on the budget. On the IMF ssue, he reminded the House that every ender imposed conditions and it was for he borrower to accept them or not. The Prime Minister had already declared that ny condition inconsistent with the ountry's honour and policies would be ejected. There was no alternative to the oan if the development activities were o be continued. "Otherwise we would ose our opportunity in history".

Mr Sunil Maitra of the CPI(M) was among the few opposition speakers who ried to make a painstaking criticism of he budget, but his target was also the IMF loan. Unlike others, he saw in the budget a cut in subsidies, an IMF condition. For the food subsidy the Finance Minister had provided Rs 700 crores which was the same amount provided in the last budget. It was not possible to cater to a much wider public distribution system with the same amount of funds. Therefore, in real terms there would be a cut in food subsidy to the tune of Rs 150 crores. The marxist leader concluded by asking how the country would meet the debt servicing burden of Rs 2,000 crores from the next year and cautioned that there was a danger of the country's soverignty being compromised.

A ruling party MP Mr Moolchand Daga, provided an irreverent but significant interlude in a debate which was otherwise dominated by party loyalties. Speaking forcefully, he delighted the opposition by launching a virulent attack on the budget. Mr Daga said that with the passing of years inequalities in the country were increasing. The Government had failed to break the collusion among blackmarketers, bureaucrats, police and the politicians and this was the main cause of the generation of black money. The growing disparities, he predicted, would lead to a revolution. Mr Daga further asserted that if the Government could only prevent tax evasion and improve performance of the public sector units, there would be no need to impose further taxation. It remains to be seen where such candidness and daredevilry will land Daga.

Mr Ravindra Varma of Janata Party quoted extensively from what he claimed was a document of conditions laid down by the IMF and from the Finance Minister's budget speech to show a similarity in language. He alleged that on September 28 last year the Government conveyed to the IMF some of the levies proposed in the budget. This meant that whereas the members of the Union Cabinet came to know of the budget proposals only an hour in advance, the IMF knew of them much beforehand.

MAHARASHTRA BUDGET

Tax effort of Rs 33 crores

BOMBAY

THE Maharashtra state budget for 1982-83, presented by the Finance Minister, Dr V. Subramanian, to the Legislative Assembly on March 13, envisages additional taxation of Rs 33.22 crores. A novel 'entertainment' tax is of Rs 100 per year on each television set, which has been criticised in some quarters as beyond the competence of the State Government. Increases are proposed in excise duty on beer and country liquor, in sales tax on items like instant tea and coffee, playing cards, spectacles, sun glasses, goggles, arms, including rifles, razors and razor blades. The budget provides Rs 261 crores for the weaker sections and Rs 10 crores for the distribution of essential commodities at subsidised rates to the weaker sections of society.

The budget shows an overall deficit of Rs 51.42 crores. Total receipts are estimated at Rs 3,569.89 crores and expenditure at Rs 3,598.58 crores and this will result in a deficit of Rs 28.69 crores. But the deficit will go up to Rs 56.51 crores because of funds to be provided for various schemes such as financial assistance of Rs 8 crores to the Mula Pravara Co-operative Electricity

Retail prices of essential commodities in Bombay

Compiled by Commerce Research Bureau

Item	Quality	Rs per kg				Percentage variation on March 12, 1982 over		
		Mar. 12, 1982	Mar. 5, 1982	Feb. 12, 1982	Mar. 13, 1981	a week ago	a month ago	a year ago
Rice.. ..	..Average	4.00	4.00	3.80	3.00	—	5.3	33.3
Wheat ..	..Average	3.90	3.90	3.90	2.80	—	—	39.3
Jowar ..	..Average	2.50	2.50	2.50	2.20	—	—	13.6
Bajra ..	..Average	2.25	2.50	2.50	2.20	−10.0	−10.0	2.3
Gram dal	Average	5.00	5.00	5.50	6.50	—	−9.1	−23.1
Tur dal	Average	6.00	6.00	6.50	6.80	—	−7.7	−11.8
Potatoes	Average	1.80	1.80	2.00	2.00	—	−10.0	−10.0
Onions	Average	1.50	1.50	1.50	1.00	—	—	50.0
Milk per litre	Buffalo	5.40	5.40	5.40	4.90	—	—	10.2
Tea	Average	24.00	24.00	24.00	24.00	—	—	—
Coffee	Average	18.00	18.00	18.00	17.50	—	—	2.9
Kerosene per litre	—	1.66	1.66	1.66	1.49	—	—	11.4
Bread (400 gm)	—	1.55	1.55	1.55	1.40	—	—	10.7
Sugar	Average	5.60	5.80	6.20	7.80	−3.4	−9.7	−28.2
Gur	Average	4.50	4.50	5.00	5.00	—	−10.0	−10.0
Groundnut oil	Average	14.50	14.80	14.50	14.00	−2.0	—	3.6
Vanaspati	Average	16.00	16.00	15.00	—	—	6.7	—
Toilet soap	—	2.00	2.00	1.95	1.90	—	2.6	5.3
Exercise book (200 pages)	—	2.50	2.50	2.50	—	—	—	—

When your people have done a good job, their hands deserve more than a good shake.

Achieving targets, raising production, meeting deadlines . . . your staff has been doing this year after year. How many times have you thanked them? O.K. you even shook their hands last year! But don't those hands deserve more than a couple of shakes? This year don't let your staff get away that easy. Make your 'Thanks' unforgettable. Gift those hands an HMT watch. You have a wide, wide range to choose from. Whether it's your live-wire Marketing Manager or your infallible Secretary, there's one watch in those hundred faces that says it all—just right.

HMT watches.

For hands that work hard there couldn't be a more fitting reward.

The HMT Deal

If you've the inclination, then here's a deal. A great deal! We offer discounts for bulk orders. And a whole lot more. Engraving on the back of watches. Sending them along to your gift recipients. Preparing special packages. Or anything else you'd care to suggest.

Try us.

With our range of watches, everything is possible. And we can supply as many as you need. We'll mail you our folder if you write in to:

HMT Limited
Watch Marketing Division
Basappa Complex
40/1A, Lavelle Road
Bangalore 560 001

Watch Division

hmt

Timekeepers to the Nation

Factories:
Bangalore (I&II), Srinagar, Tumkur

They deserve a good time. An HMT watch.

HMT WATCHES
If you've the inclination, we've the time!

Company to make good its losses, Rs .12 crores for revision of pay-scales of udicial officers, Rs 8 crores for the Special Component Plan for scheduled castes and Rs 10 crores for the commodities distribution scheme. However, Mr Subramanian explained that under the Union budget proposals the share of resources of the State will be Rs 5.09 crores more than had been calculated, and the overall deficit has thus been reduced from Rs 56.51 crores to Rs 51.42 crores.

The State's plan outlay for 1982-83 is Rs 1,322.17 crores with major allocations for power at Rs 430 crores, for social and community services at Rs 354.03 crores and irrigation and flood control at Rs 261 crores. Agriculture and allied services have been allotted Rs 135.9 crores, transport and communications Rs 71.51 crores and industry and minerals Rs 42.95 crores. The budget provides a lump sum amount of Rs 63 crores for the payment of additional instalments of dearness allowance and pension relief to state government employees. The minimum service pension plus relief has been raised to Rs 150 per month. The minimum family pension plus relief has been raised to Rs 140 per month. The State Government will introduce a group insurance scheme for its employees providing an insurance cover ranging from Rs 10,000 for Class IV servants to Rs 80,000 for Class I officers, in the event of their death while in service.

Dr Subramanian justified the tax on TV sets and said, it had been recommended by the Resource Mobilisation Committee "in the light of the fact that in recent years the entertainment duty, an important source of revenue to the State Government, had come into conflict with the increasing popularity of films and other entertainment programmes regularly shown on TV." Special legislation for levying the tax on TV sets would be introduced during the current session. However, sets in educational institutions and bodies set up under government welfare programmes would be exempt from the tax, which would yield Rs 3 crores per annum. The budget has also proposed a stiff increase in toll-tax at the Thane creek bridge which connects New Bombay to the main city and which is used by thousands of vehicles every day. Additional revenue is estimated at Rs 1.20 crores. A toll is being levied on vehicles using this bridge since 1972. A professional tax on dealers will bring in Rs 2 crores per annum and taxes on machine tools have been raised from eight to ten per cent.

The budget seeks to encourage increased manufacture of country liquor and Indian made foreign liquor (IMFL) in the State during the next financial year. The allocation of alcohol for the manufacture of country liquor is proposed to be increased from 280 lakh bulk litres to 300 lakh bulk litres. This is expected to yield additional excise revenue of Rs 2.22 crores. The estimated consumption of 400 lakh litres of beer during 1982-83 is expected to yield additional revenue of Rs 4 crores. The Finance Minister said, there was great demand in the State for IMFL made by manufacturers with factories outside the State. The manufacturers used nearly 50 lakh litres of alcohol from the State. IMFL made from 15 lakh bulk litres of alcohol was expected to be received and sold in the State during 1982-83, so as to yield a revenue of Rs 11.28 crores during the year.

Weaker section

The Finance Minister described the position regarding recovery of government dues and loans as disturbing. Nearly Rs 137 crores by way of arrears of taxes and Rs 161 crores as arrears of loan repayments are still to be recovered. In the cooperative sector, recoveries of the State Land Development Bank for the year ending June 1981 are around 35 per cent and the outstanding of the Central Cooperative Banks 40 per cent.

The budget makes a provision of Rs 261 crores for the weaker sections. A provision of Rs 72 crores has been made for the employment guarantee scheme which would generate 10.50 crores mandays of employment. The Government proposes to spend Rs 31.56 crores in 1982-83 under the national rural employment programme. This is expected to generate 4.70 crores mandays of employment. The emphasis of the scheme will be on afforestation, social forestry, building of village roads, schools, *balwadies*, sanitation, cottage industries, work houses and open-air theatres.

A provision of Rs 17 lakhs has been made for an amelioration programme for three primitive tribes in the State. They are the Katkaris of Thane and Raigad districts, Kolams of Yavatmal and Nanded districts and the Madia Gonds of Bhamragad block in Chandrapur district. The Maharashtra State Road Transport Corporation also proposes to introduce a new design of jeep for transport in the tribal areas.

Reaction

Reactions to the budget have ranged from relief to disappointment. While Cong (I) members have welcomed the budget, the opposition members found it disappointing. According to Dr Shanti Patel, Janata M.P. and trade union leader, the budget lacked the determination to solve the burning problems of the State. The Congress(S) president, Mr Sharad Pawar felt that the budget lacked a development orientation, while Prof Ram Kapse, whip of the Bharatiya Janata Party group in the Assembly described the budget as unattractive and routine. Mr Kantikumar Podar, president of the Indian Merchants' Chamber, describing the Finance Minister's approach to business and industry as pragmatic, regretted that he missed an opportunity to tax the State's wealthy farmers who were the main beneficiaries of subsidised inputs and developments plans. Consumers have been expectedly unhappy with tax increases on instant tea, coffee, razor blades, spectacles and beer. Mr. K. C. Kapoor, president Maharashtra Wine Merchants Association said that beer should have been taxed sparingly, since it served as an alternative to hard liquor for many people.

The *Economic Survey* of Maharashtra for 1981-82 shows a favourable agricultural and industrial performance for the year. Agricultural production is likely to go up by 5 per cent and the increase in industrial production in 1981-82 is expected to be 9 per cent. Consumer prices which rose for most of the year started falling in November 1981. The State's income for 1980-81, at 1970-71 prices, increased by 1.3 per cent over that of 1979-80.

The State's worsening budget deficit is mainly due to continuing government purchases of foodgrains, sugar and edible oil in open market to build up buffer stocks for sale through the public distribution system and to stabilise their prices. At the end of 1981-82, the Government will hold stocks worth Rs 83 crores, of which stocks worth Rs 45 crores are to be financed from the cash credit arrangement with the State Bank of India. The State has purchased additional stocks worth Rs 7 crores from its own resources in 1981-82.

PUNJAB BUDGET

Widening deficit

CHANDIGARH

HIGH-sounding objectives such as "mitigation of inequities and disparties", enunciated with much pride but unlikely to be achieved, heavy deficits during the past two years or so, a resource mobilisation effort expected to yield Rs 39.4 crores and some concessions to various categories of employees are the main features of the Punjab budget for 1982-83 presented to the state legislature on March 12. There are no surprises because the State's serious financial problems have been known for the past many months. The heavy overdraft of about Rs 127 crores and the Planning Commission's recent warning that unless the State raised more funds through additional levies, the Annual Plan would be curtailed (and the development tempo would thus suffer) were an open secret.

The budget estimates envisage total disbursements of the order of Rs 2,305.95 crores and total receipts at Rs 2,280.95 crores, leaving a deficit of Rs 25 crores on the year's transactions alone; but together with the dismal legacy of about Rs 100 crores deficit (the earlier estimate was Rs 113.5 crores), the gap by the end of the next financial year is likely to go up to Rs 125 crores. The Centre has shown special consideration to the state by allowing it to carry forward Rs 65 crores of the overdraft to 1983-84, but the remaining gap of Rs 60 crores had to be filled.

The two main sources tapped by the Government are so devised as to cover both rural and urban people. While the enhancement of the general sales tax from 6 per cent to 7 per cent, estimated to yield another Rs 13 crores, will largely affect the urban classes, the one per cent fee on all agricultural produce brought to the markets (Mandis) for sale, will affect all farmers directly; this is expected to yield Rs 20 crores, half of the total revenue raising exercise of Rs 39.4 crores. This substantial sum, will, however, be spent on improving the rural infrastructureespecially roads—which will benefit the agricultural sector. The other, and much less important, levies are revised service line charges for new power connections provided by the State Electricity Board (Rs 3.40 crores), the higher levy on motor vehicles and other stage carriers (Rs 2 crores), and the revised goods tax on public carriers (Rs 1 crore). The remaining gap of Rs 16.60 crores has been left uncovered for the present and is expected to be met through appropriate measures, such as improved tax collections, elimination of tax evasion, the usual buoyancy of tax revenues, and reduction and economy in expenditure during 1982-83.

But the huge revenue arrears in the State amounting to Rs 100 crores (including Rs 70.8 crores on account of interest), the disclosures made by the Comptroller and Auditor—General of India in his latest report and the figures given by the Finance Secretary in his memorandum do not hold out much hope of a notable economy in expenditure or any substantial recovery of the arrears. Nor are there any indications of a marked improvement in the financial operations of the State Electricity Board which accounts for the lion's share of the state's annual deficit. The basic reason is political: the Electricity Board suffers heavy losses on account of the highly subsidised power supply to tubewells on the farms; besides canal irrigation charges at 13 paise are stated to be the lowest in the country. The Ministry cannot take the risk of displeasing the political masters—the agriculturists. So there is not much hope of progress for the country's most prosperous State. Punjab's per capita income was Rs 2,642 in 1980-81 against the per capita national income of Rs 1,537 for that year.

As in many other states, sales tax is the largest single source of revenue (32 paise in the rupee), followed by income from the sale of liquor (excise duties)—14 paise in the rupee. The other tax revenue constitutes only 17 per cent of the total receipts. Perhaps in no other State do the finances depend so largely on sales tax and liquor. Punjabis, it is said, drink like fish, especially in the countryside. It is, however, interesting that the biggest single item of expenditure is "Education, art and culture" (23 per cent); administrative services and debt services together account for 24 per cent (12 per cent each).

Oddly enough in the predominantly agricultural State of Punjab land revenue accounts for only Rs 2.52 crores of income in a total budget (receipts) of Rs 2,280.95 crores.

MAHINDRA & MAHINDRA

Higher sales

BOMBA

Mahindra & Mahindra Ltd ha reported higher income for the yea ended October 1981 at Rs 263.18 crore compared to Rs 197.05 crores in th previous year. The net profit, after providing Rs 3.86 crores (Rs 2.92 crores) fo depreciation and Rs 8.15 crores (Rs 6.0 crores) for taxation, was Rs 9.45 crore (Rs 7.65 crores). The equity dividen recommend for the year under review i 20 per cent (18 per cent). An amount o Rs 1.85 crores (Rs 1.29 crores) is transferred to investment allowance reserve anc Rs 6.50 crores (Rs 4 crores) to genera reserve.

Production of vehicles during the year under review was 23,239 number (18,102 numbers) and that of agricultural tractors was 13,364 numbers (11,352 numbers).

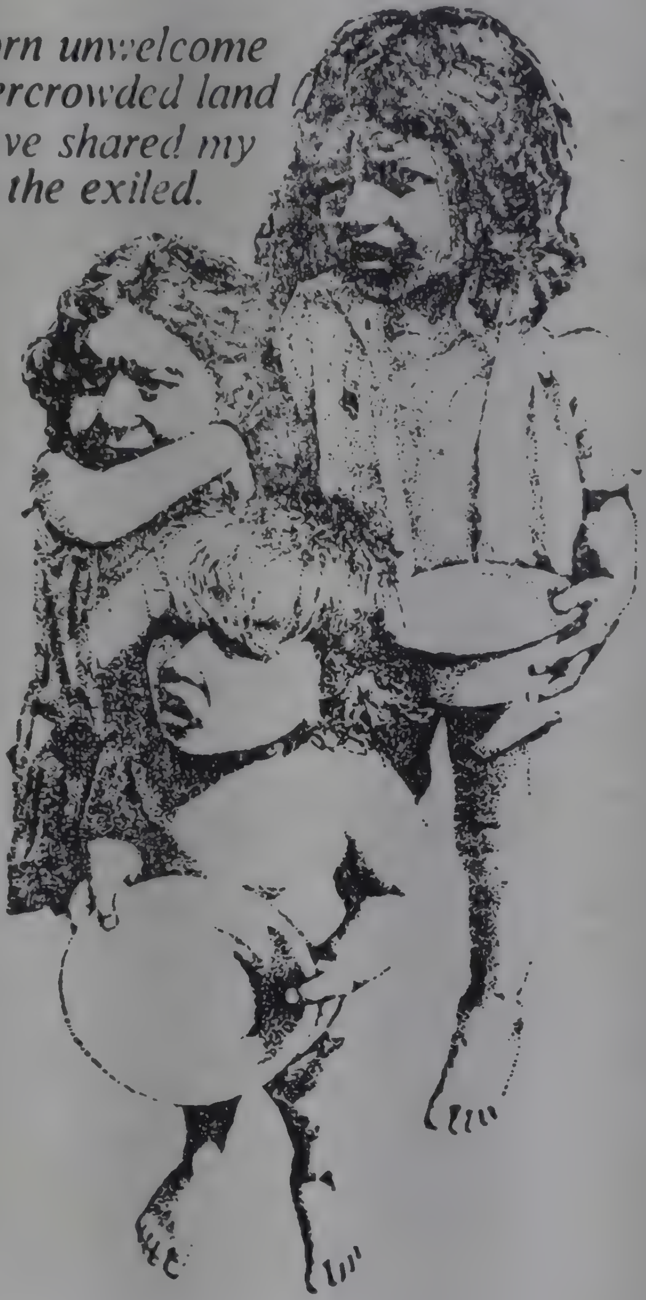
Exports of the company's products in terms of units, more than trebled from 1,300 vehicles in the previous year to 4,01 vehicles and 79 tractors, besides 388 vehicles sold to international organisations in India against payment in foreign currency. Bulk of the vehicle shipments was to Iran in the form of c.k.d. packs with deletion of certain locally available components and accessories. The company's foreign exchange earnings from these exports, inclusive of spare parts, recorded an appreciable increase from Rs 8.48 crores to Rs 18.75 crores. Exports on behalf of other manufacturers, mainly in the small-scale sector, increased from Rs 1.51 crores to Rs 1.85 crores.

Assembly of Peugeot model X DP 4.90 diesel engines with imported and locally bought out components commenced in July 1981, and plans are under way for the setting up a new engine plant at Igatpuri.

A pilot batch of 40 higher horse-power tractors, designed and developed at the company's Research and Development Centre, was introduced in the market for trial purposes, and the user response has been very favourable. A prototype of a medium duty truck, also designed at the R & D centre, has been completed. The company has accepted a proposal from the Automotive Research Association of India for carrying out a research project for improving fuel economy in view of the country's burgeoning oil import bill.

Ours is a Magnificent Land-2

I was born unwelcome
into an overcrowded land
But I have shared my
home with the exiled.



I exist in a village
imprisoned by my fields.
But in quest of my spices
man discovered a globe.

I adorn my emaciation
with the tatters of penury
But I have gifted the world
the luxury of fine muslin.

My cookfires I light
with the dung of cattle.
But I have taught man the
abstraction of algebra.

I grew up untutored,
unmusic'd and unsung.
But my syncopated sitar
has driven nations to frenzy.

I am surrounded by children
with malnourished minds.
But I have given man
his first philosophy.

I craft shoes that shod
three whole continents.
But I have just begun
to stand on my own bare feet.

I am named by many names
in a babel of tongues.
But I have adopted a name
by strangers given : India

I am sad.
But I am glad.
I am

Ours is a magnificent land.
We must build a
magnificent future. Think Ahead.

Hoechst
HOECHST DYES & CHEMICALS LTD.

Dyes
Plastics
Intermediates
Refrigerants
Chemicals

SUN GRACE

Suddenly... it's Sun Grace

Bask in it.
Exuberate in it.
Feel it. Wear it.
Live it.

SUN GRACE
Fabrics
From Mihir Textiles
and Matulya Mills

तमसो मा ज्योतिर्गमय

TRIKAYA-MT 20-8'

COVER STORY

Top 500 private sector companies

By COMMERCE RESEARCH BUREAU

AFTER a neck and neck race to capture the top rank in terms of assets, Tata Iron and Steel Company emerged as the winner during 1980-81 thereby displacing Tata Engineering & Locomotive Company which occupied this coveted position in the previous year from among more than 500 top private sector companies. Similarly to reach the third rank, there was a close race between Associated Cement Companies which occupied the fourth rank and Scindia Steam Navigation Company which occupied the third rank in the previous year, in which the former turned out to be a clear winner. Gwalior Rayon Silk Mfg (Wvg) Company was successful in retaining its fifth rank.

Among the ranks between sixth and twentieth, only two companies succeeded in retaining their ranks between 1979-80 and 1980-81 — Delhi Cloth & General Mills Co and Century Spg & Mfg Co arduously maintaining their ranks at eighth and seventeenth respectively. As regards the other ranks between sixth and twentieth, two companies lost the race by a single place, *viz*, Hindustan Lever from sixth to seventh and Larsen & Toubro from eighteenth to nineteenth. At the same time, two companies could climb by one place each — J. K. Synthetics from eleventh to tenth and Gujarat State Fertilizers Co from thirteenth to twelfth. Significant successes in capturing higher ranks were made by Ashok Leyland which jumped from its twenty-third position in 1979-80 to thirteenth position, Reliance Textile Industries which snatched fifteenth rank in 1980-81 from Dunlop India resulting in a mutual exchange of their ranks and by Calcutta Electric Supply Corporation (India) which elevated itself to sixth rank from tenth rank held by the company in 1979-80. I.T.C. achieved a noteworthy victory by walking over from its twelfth rank in 1979-80 to ninth rank in 1980-81.

A major slippage was by Great Eastern Shipping Co which lost ground by as many as seven places from its seventh rank in 1979-80 to its fourteenth rank in 1980-81. Three companies from the top twenty private sector companies fell behind by two places—between 1979-80 and 1980-81—Southern Petrochemical Industries Corporation from its ninth place to the eleventh, Voltas from its fourteenth place to sixteenth and Hindustan Aluminium from its sixteenth to eighteenth. Only one company from the elite group of the top twenty private sector companies in terms of assets disqualified itself to belong to the group—India Steamship Company which slided down by four places from its nineteenth place in 1979-80 to twenty-third place in 1980-81.

It may be noted in passing that the assets of the topmost company in the private sector *viz*, Tata Iron and Steel Co, amounted to Rs 46,785 lakhs as compared with those of Wimco with assets of Rs 4,127 lakhs which occupied the 100th rank, of Central India Spg Wvg & Mfg Co with assets of Rs 1,799 lakhs which occupied the 200th rank, of Rechardson Hindustan with assets of Rs 1,040 lakhs which occupied the 300th rank, of S. S. Miranda with assets of Rs 531 lakhs which occupied the 400th rank and Travancore Cement with assets of Rs 185 lakhs which occupied the 500th rank.

Ranking in terms of sales

It is interesting to view the shifts in ranks in terms of sales of the top 20 private sector companies. The first six ranks in terms of sales were assiduously retained by Tata Engineering & Locomotive Co, Tata Iron and Steel Co, Hindustan Lever, Delhi Cloth & General Mills, Voltas and Gwalior Rayon Silk Mfg (Wvg) Co respectively in the descending order of their ranks.

Among the holders of the ranks between seventh and twentieth, the major jump was made by Southern Petrochemical Industries Corporation which improved its rank from nineteenth to eighth. Reliance Textile Industries and Ballarpur Industries made jumps of many places from twelfth rank to ninth rank and from twentyfifth rank to seventeenth rank respectively.

Similarly Rallis India elevated itself

Table - 1 : Shifts in ranks according to assets;Top 20 companies

Name of company	Rank according to assets	
	Previous year	Latest year
Tata Iron & Steel Co	2	1
Tata Engineering & Locomotive Co	1	2
Associated Cement Cos	4	3
Scindia Steam Navigation Co	3	4
Gwalior Rayon Silk Mfg. (Wvg) Co	5	5
Calcutta Electric Supply Corpn (India)	10	6
Hindustan Lever	6	7
Delhi Cloth & General Mills Co	8	8
I. T. C.	12	9
J. K. Synthetics	11	10
Southern Petrochemical Industries Corpn	9	11
Gujarat State Fertilizers Co	13	12
Ashok Leyland	23	13
Great Eastern Shipping Co	7	14
Reliance Textile Industries	20	15
Voltas	14	16
Century Spg & Mfg. Co	17	17
Hindustan Aluminium	16	18
Larsen & Toubro	18	19
Dunlop India	15	20

Table 2 : Shifts in ranks according to sales : Top 20 companies

Name of company	Rank according to sales	
	Previous year	Latest year
Tata Engineering & Locomotive Co	1	1
Tata Iron and Steel Co	2	2
Hindustan Lever	3	3
Delhi Cloth & General Mills	4	4
Voltas	5	5
Gwalior Rayon Silk (Mfg) Wvg Co	6	6
Rallis India	9	7
Southern Petrochemical Industries Corpn	19	8
Reliance Textile Industries	12	9
Ashok Leyland	11	10
Associated Cement Cos	10	11
Hindustan Motors	15	12
Escorts	8	13
Mahindra & Mahindra	17	14
Dunlop India	13	15
Brooke Bond India	7	16
Ballarpur Industries	25	17
Century Spg & Mfg Co	16	18
Larsen & Toubro	18	19
Union Carbide India	21	20

to seventh rank from its ninth rank in the previous year, Hindustan Motors to twelfth rank from fifteenth, Mahindra & Mahindra from seventeenth to fourteenth, Ashok Leyland from eleventh to tenth and Union Carbide India from twentyfirst to twentieth.

The noteworthy slippage in ranks was experienced by Brooke Bond India which shifted from its seventh rank in 1979-80 to sixteenth in 1980-81. Escorts lost ground by five places from eighth rank to thirteenth rank, Century Spg & Mfg Co by few places from sixteenth to eighteenth, Dunlop from thirteenth to fifteenth, Associated Cement Cos from tenth to eleventh and Larsen Toubro from eighteenth to nineteenth.

Performance of corporate pygmies

The bottom-most company among the 542 companies included in this study was indeed a corporate pygmy. The 542nd company had net assets amounting to Rs 13 lakhs only in 1980-81 in comparison with the assets amounting to Rs 46,785 lakhs of Tata Iron and Steel Co, the company with the first rank in terms of net assets. Its sales also amounted to a miniscule sum of Rs 155 lakhs in comparison with those of Tata Engineering & Locomotive Co, amounting to Rs 56.149 lakhs, the company with the first rank in terms of sales.

Conspicuous upward shifts in ranks according to net assets were noticed among the bottom-most twenty companies. Barium Chemicals improved its rank from 539th to 533rd. ABC India, J. K. Helen Curtis, Rathi Gases and Gannon Pressure Vessels made jumps in ranks by five places each from 529th rank to 524th rank, from 530th to 525th from 531st to 526th and from 537th to 532nd respectively.

Noticeable downward shifts were also made by some of the bottom-most 20 companies in the study. Shree Laxmi Traders lost ground by ten places from 517th rank to 527th rank, Kil Kotagiri Tea & Coffee Estates Co by eight places from 522nd to 530th, Indian Bright Steel Co and Rustom Dinesh Exports and Marketing by eight places and by seven places respectively from 521st to 529th and from 534th to 541st respectively and Sathe Biscuits & Chocolate Co and Gujarat Nets by five places each from 526th to 531st and from 533rd to 538th respectively.

Who made what profits

The largest absolute amount of net profit during 1980-81 was made by Tata Engineering & Locomotive Co, *i.e.* Rs 2,437 lakhs followed by Tata Iron & Steel Co (Rs 1,734 lakhs), Hindustan Lever (Rs 1,652 lakhs) and Century Spg & Mfg Co (Rs 1,589 lakhs). These companies occupied second, first, seventh and seventeenth ranks respectively according to their net assets in 1980-81 (See table 3). The largest amount of net loss during 1980-81 was incurred by Tinplate Company of India *i.e.* Rs 562 lakhs followed by Modi Spg & Wvg Mills Co (Rs 535 lakhs) and Apollo Tyres (Rs 533 lakhs). These companies occupied 141st, 120th and 132nd ranks respectively in terms of their net assets (See Table 4).

The highest rate of return (net profit as percentage of net assets) was earned by Rathi Gases *i.e.* 43.81 per cent followed by Barium Chemicals (42.97 per cent) and Pratappur Sugar & Industries (38.20 per cent). These companies occupied 526th, 533rd and 522nd ranks respectively according to their net assets in 1980-81 (Table 5).

The highest negative rate of return (net loss as percentage of net assets) during 1980-81 was in the case of Rustom Dinesh Exports and Marketing *i.e.*, 47.34 per cent followed by Bengal National Textile Mills (33.40 per cent) and Gujarat State Machine Tools Corporation (26.99 per cent). These companies occupied 541st, 451st and 388th ranks respectively according to their net assets for the year 1980-81 (See Table 6).

Overall financial performance

The financial results of the 540 companies, *i.e.* after excluding two companies for which annual accounts for the latest year were not available, showed

Table 3 : Who made what profits ?
(Top ten according to size of profits)

Name of company (ranked in order of Profits during the latest year)	Net profit during the latest year (Rs lakhs)	Rank according to assets during the latest year
Tata Engineering & Locomotive Co	2436.94	2
Tata Iron and Steel Co	1734.00	1
Hindustan Lever	1652.47	7
Century Spg & Mfg Co	1588.83	17
Ashok Leyland	1264.10	13
Great Eastern Shipping Co	1223.04	14
Reliance Textile Industries	1123.24	15
Larsen & Toubro	974.56	19
Tata Chemicals	930.41	36
Southern Petrochemical Industries Corporation	830.69	11

Table 4: Loss making companies

Name of company	Rank according to assets during the latest year	Amount of net loss
		Latest year (Rs lakhs)
inplate Company of India	141	562.06
odi Spg. & Wvg. Mills Co	120	534.58
pollo Tyres	132	533.04
ohinoor Mills	219	296.95
ew Central Jute Mills Co	205	258.75
K. Industries	56	256.77
angalore Chemicals & Fertilisers	39	245.44
ata Mills	207	197.37
remier Tyres	182	169.47
irla Cotton Spg. & Wvg. Mills	213	162.68
ujarat State Machine Tools Corpn.	388	154.23
ndian Explosives	21	142.86
ombay Tyres International	109	141.36
ooghly Docking & Engg. Co	198	120.16
Ahmedabad Mfg & Calico Printing Co	30	119.52
engal National Textile Mills	451	115.45
Rohtas Industries	113	115.38
Aryodaya Spg & Wvg Co	372	97.18
astings Mills	224	86.69
J. K. Chemicals	305	83.37
Ravalgaon Sugar Farm	448	77.52
Alembic Chemical Works Co	163	75.96
Northbrooke Jute Co	390	74.89
Laxmi Vishnu Textile Mills	226	70.26
Elgin Mills Co	247	65.79
Podar Mills	254	64.35
Tarun Commercial Mills	435	60.18
aurashtra Cement & Chemical Industries	204	59.79
Aruna Sugars	309	57.68
Kerala Spinners	427	51.04
Monogram Mills	413	47.98
India Tyre & Rubber Co (India)	439	40.25
Air Control & Chemical Engg Co	470	40.12
Phoenix Mills	308	39.85
Jardine Henderson	293	33.44
Central Pulp Mills	173	33.06
Agarpara Company	337	32.47
Mindia Chemicals	272	29.67
Stretch Fibres (India)	298	29.27
Martin Burn	336	28.25
Indian Linoleum	373	27.15
Ryadak Tea Syndicate	379	27.02
Basanti Cotton Mills	434	26.15
South East Footwear	467	20.74
Anup Engg	403	20.73
Jay Engineering Works	127	20.57
Nelliampathy Tea & Produce Co	509	19.81
Mysore Electro-Chemical Works	460	16.34
Ganges Rope Co	482	14.85
athe Biscuits & Chocolate Co	531	14.48
anarhat Tea Co	307	13.83
Rustom Dinesh Exports and Marketing	541	13.72
Star Paper Mills	199	13.24
Kissan Products	457	12.93
Muller & Phipps	518	11.49
Neelamalai Tea & Coffee Estate & Industries	505	11.21
Kusum Products	367	10.13
Renusagar Power Company	35	10.07
Caprihans India	238	9.88
Gannon Pressure Vessels	532	9.00
Somaiya Organics (India)	440	7.67
Midland Rubber & Produce Co	489	6.50
India Steamship Company	23	5.45
Bally Jute Company	344	4.83
UNI Abex Alloys Products	431	4.75
Shree Laxmi Traders	527	4.47
Varma Industries	519	2.70
Tulsipur Sugar Co	441	2.51
Jamshedpur Engg & Machine Mfg. Co	517	2.02
Punjab Breweries	481	1.56
Gujarat Nets	538	0.84
J. K. Helen Curtis	525	0.51
Shri Krishnarajendra Mills	393	0.19

Table 5: Companies with a return of 10 per cent or more on net assets

Name of company	Rank in terms of assets latest year	Net profit as per cent of net assets	
		Previous year	Latest year
Rathi Gases	526	10.94	43.81
Barium Chemicals	533	9.00	42.97*
Pratappur Sugar & Industries	522	—13.16+	38.20
English Indian Clays	534	15.07	25.46
Thirumalai Chemicals	360	22.78	20.92
Century Enka	145	13.80	20.20
Colgate-Palmolive (India)	214	16.06	18.39
United Carbon India	311	—13.69	17.65
EWAC Alloys	469	19.20	17.62
Escorts Transmission	506	35.83	17.11
Trichinopoly Mills	521	18.78	16.87
Modella Steels and Alloys	463	14.22	16.38
Cheviot Company	409	18.66	15.99
Premier Automobiles	81	8.06	15.87
Bundy Tubing of India	454	14.46	15.53
Falcon Tyres	398	—0.92	15.46
Indian Card Clothing Co	363	15.84	14.78
Punjab Con-cast Steels Co	323	19.98	14.76
Cawnpore Sugar Works	382	—9.76	14.57
Kirloskar Cummins	134	7.93	14.31
Indian Hotels Co	150	14.65	14.20
Shree Vallabh Glass Works	161	5.26*	14.10
Rajagiri Rubber & Produce Co	504	8.91	14.01
Ennore Foundries	296	13.52	13.90
MWP	480	11.05	13.51
Herdillia Chemicals	171	13.94	13.42
Seven Seas Transportation	191	—5.45	13.10
Borosil Glass Works	389	10.68	13.05
DIF Universal	276	6.84	13.03
Searle (India)	412	11.69	12.78
Rathi Alloys & Steel	316	19.78	12.67
Universal Cables	164	11.41	12.39
Bhopal Sugar Industries	466	6.78	12.33
Andhra Sugars	174	8.87	12.27
Associated Bearings	142	9.74	12.20
Usha Alloys & Steel	262	14.51	12.07
Travancore Cements	500	9.41	11.91
Bajaj Auto	61	11.95	11.78
Sylvania & Laxman	267	4.93	11.73
Century Spg & Mfg Co	17	13.27	11.67
Kar Valves	468	13.07	11.45
Atlas Copco (India)	282	10.77	11.19
Bajaj Tempo	129	9.46	11.17
Consolidated Coffee	232	10.93	11.14
Somany-Pilkington's	418	11.09	11.05
Kanknarrah Company	406	36.67	11.02
Mahendra Electricals	401	3.65@	11.00
Navsari Cotton & Silk Mills	353	7.39	10.97
United Breweries	273	11.91	10.85
Sandur Manganese & Iron Ores	181	13.04	10.81
Food Specialities	195	9.78	10.80
Remington Rand of India	357	10.90	10.69
McDowell & Company	180	9.34	10.63
Tata Chemicals	36	8.49	10.55
Hindustan Development Corpn	244	9.72	10.48
New Gujarat Synthetics	243	—33.66	10.46
Bombay Potteries	488	0.57	10.37
Omega Cables	465	—0.55	10.31
Enfield India	255	6.16	10.21
Associated Stone Industries (Kotah)	456	6.39	10.14
Hyderabad Asbestos Cement Products	122	8.58	10.13
Kesoram Industries & Cotton Mills	74	9.52	10.13
Motor Industries Company	77	10.03	10.06
Universal Steel & Alloys	455	14.83	10.00

* The accounting year consisted of 15 months

@ For 18 months period

+ For 9 months period

uptrends in assets and sales only matching with the rate of inflation which prevailed in the economy. The net assets of the 540 companies increased by 17.5 per cent from Rs 12,560 crores in 1979-80 to Rs 14,760 crores in 1980-81. Their net sales showed an increase of 20 per cent from Rs 14,954 crores to Rs 17,942 crores during this period. However, their net profits showed only a marginal rise of 3.1 per cent from Rs 619 crores in 1979-80 to Rs 638 crores in 1980-81. The rate of return as measured by net profit as per cent of net assets declined from 4.93 per cent in 1979-80 to 4.32 per cent in 1980-81.

Industrywise analysis

In terms of the aggregate amounts of net assets, the top ranking industries in 1980-81 were cotton textiles (Rs 1,518 crores) followed by silk and synthetic textiles (Rs 1,080 crores), automobiles (Rs 1,054 crores), diversified group (Rs 1,027 crores) and general engineering (Rs 1,010 crores). The growth in net assets experienced by these industries were of the order of 20.5 per cent, 21.1 per cent, 19.9 per cent, 16.8 per cent and 14.0 per cent respectively.

Their sales grew to Rs 2,261 crores (cotton textiles—15.4 per cent), Rs 1,123 crores (silk and synthetic textiles—21.2 per cent), Rs 1,517 crores (automobiles—39.6 per cent), Rs 1,619 crores (diversified group—17.1 per cent) and to Rs 1,075 crores (general engineering—23.0 per cent).

However, there was a decline by 40.4 per cent in the net profit of cotton textiles in 1980-81 to Rs 40 crores. The corresponding percentage of decline in the case of silk and synthetic textiles was 9.2 per cent to Rs 53 crores. The net profit earned by the automobile industry, *i.e.* Rs 78 crores, was 57.6 per cent higher than that earned in 1979-80. The net profit of diversified group improved by 27.9 per cent to Rs 54 crores and that of general engineering increased by 23 per cent to Rs 55 crores in 1980-81.

The different industries ranked as per their rate of return on assets (net

---

Explanatory notes on Commerce Research Bureau's study of top 500 private sector companies

1. Definitions

Net sales: This figure is arrived at by deducting excise duty, rebate and discount, and selling commission from gross sales. All receipts from sales of products and services of the company, including sales of by-products, joint-products, waste and scrap are included in gross sales or main income. It also includes processing charges received. In the case of certain jute companies, it will represent sale of loom house and in case of shipping companies, it represents freight and passage monies received. In case of certain engineering companies especially railway equipment manufacturing companies, it includes escalation claims for material, labour, *etc.* In case of companies rendering managerial services, it will show remuneration and commission received. Gross sales is net of sales tax and return inwards.

Net assets: This represents the total assets of a company, net of profit and loss accounts deficits, and can be treated as the total capital employed. The principal groups of net assets are net fixed assets (gross fixed assets *minus* depreciation), current assets (inventories, receivables, and loans and advances and other current assets) and other assets (intangible and fictitious assets such as trade marks, copy-rights, goodwill, drawings *etc.*, which, although without any definite physical existence, have got a very material impact on the profit earning capacity of a business).

Net profit: The figures of net profit have been calculated by making, wherever necessary, additions or deductions of various items so as to show the true profit pertaining to the particular year on a uniform and comparable basis. These adjustments relate mainly to non-recuring and prior years' items.

Dividend (per cent): The amount of dividend declared per share is expressed as a percentage of the paid-up value of the equity share.

Net profit as per cent of net assets: This is a profitability ratio which measures the overall return on the total net assets (or total capital employed) of a company.

2. Coverage

The study is based on the annual accounts of companies with net sales or main income of rupees one crore or more which closed their accounts between September 1980 and August 1981. All these are public limited companies in the private sector. In all 542 companies have been covered. (See Exhibit-2). The coverage was based on the availability and analysis of the annual accounts at the time of finalising the list of companies in mid-January 1982. However, utmost care was taken and extra efforts were made to procure and analyse the accounts of all the companies which were included in the studies on the finances of the top-100 private sector companies prepared by the *Economic Times*, Bombay and *Business Standard*, Calcutta in the recent past. In spite of these, the *Bureau* failed to get the annual accounts of Binny and Zuari Agro for the latest year. However, these companies are also listed and ranked in the study on the basis of their annual accounts for the previous year. However, while undertaking the industrywise analysis and while presenting the aggregate positions in regard to assets, sales and profits these two companies have been excluded.

3. Industry-wise analysis

The industrywise analysis is made on the basis of the industrywise coverage to the extent possible with the availability of the annual accounts as mentioned above. Examinations about the overall coverage in respect of the entire private corporate sector in terms of assets, sales and profits were not made as the required data for the entire private corporate sector were not available. Similar scrutiny regarding industrywise coverages was also not made for the same reason.

Request to Secretaries and Finance & Accounts Managers in companies: Exclusion of companies, if any, in this study of the top 500 companies in the private sector is due to the non-availability of the annual accounts to the *Commerce Research Bureau*. In order to fill this inadvertent gap in coverage in the future studies, company secretaries and finance and accounts managers are hereby requested to make sure that copies of the annual accounts are sent regularly to *Commerce Research Bureau.*

Table 6: Companies with a negative return on assets of 10 per cent or more

Name of Company	Rank according to net assets	Net profit/Net loss as per cent of net assets	
	Latest year	Previous year	Latest year
Ruston Dinesh Exports and Marketing	541	—2.05	—47.34
Bengal National Textile Mills	45	—3.79	—33.40
Gujarat State Machine Tools Corporation	388	—12.68	—26.99
Ravalgaon Sugar Farm	448	—11.15	—21.30
Tinplate Company of India	141	—7.98	—18 82
Kohinoor Mills	219	—17.62	—18.77
Apollo Tyres	132	—19.03	—16.02
Aryodaya Spg Wvg & Company	372	+3.71	—15.13
Tarun Commercial Mills	435	+4.30	—14 92
New Central Jute Mills Company	205	+14.06	—14.77
Modi Spg & Wvg Mills Company	120	+0 09	—14.64
Sathe Biscuits & Chocolate Company	531	+1.19	—14.38
Air Control & Chemical Engg Company	470	—16.91	—13.96
Northbrook Jute Company	390	+6.57	—13 50
Gannon Pressure Vessels	532	+7.77	—12.28
Kerala Spinners	427	+3 67	—12 13
Nelliampathy Tea and Produce Company	509	+6.49	—11.71
Tata Mills	207	+2.19	—11.36
Monogram Mills	413	+1 43	—10 42
India Tyre & Rubber Company (India)	439	+0 17	—10.31

+ = Positive return — = Negative return

profit as percentage of net assets) as given in Exhibit-1 show their relative performance. As could be seen from the Exhibit, hotels, restaurants *etc* had the highest rate of return (10.13 per cent) followed by glass, ceramics and potteries (9.60 per cent), automobiles (7.41 per cent), soap, detergents, etc (7.32 per cent) and electronics (7.31 per cent).

It is noteworthy that the major industries in the economy such as cotton textiles (2.62 per cent), jute textiles (—0.91 per cent), sugar (4.52 per cent), basic industrial chemicals (5.43 per cent), iron and steel (4.62 per cent), paper and paper products (4.30 per cent), fertilisers (2.57 per cent), cement (1.26 per cent), transport-shipping and road (4.23 per cent) and tea, coffee and rubber plantations (3.55 per cent) had not done creditably well in earning a sufficient return on the assets employed by them.

Exhibit 1

Finances of major industries - 1980-81

(Ranked according to return on investment* for 1980-81)

(Rs lakhs)

Industry group	No. of units	Net assets		Net sales		Net profits		Net profit as per cent of net assets	
		1979-80	1980-81	1979-80	1980-81	1979-80	1980-81	1979-80	1980-81
Manufacturing									
Glass, ceramics, potteries	10	8718.35	10681.66	10115.73	12683.29	494.51	1025.36	5.67	9.60
Automobiles	13	87840 73	105360.33	108600.84	15 659.89	4953.01	7807.38	5.64	7.41
Soap, detergents, etc.	4	24007.12	29376.78	45791.54	57719.41	2218 29	2150.54	9.24	7.32
Electronics	3	9946.63	10432.35	11342.00	13900.17	513 45	761.41	5.16	7.31
Electrical goods	38	64045.26	80260.41	83001.09	112132.17	3684.27	4951.52	5.75	6.17
Non-metallic mineral products	3	3290 38	3511.34	3860.55	4090.39	243 58	204.07	7.40	5.81
Other food products	8	7297.17	8042.97	15118.39	18464.12	481.39	457 54	6.60	5.69
Paints and varnishes	4	4968.41	5719.49	8650.07	10564.41	246.64	314.24	4.96	5.49
Miscellaneous manufacturing	15	10830 30	11672.42	14119.70	17478.34	543.20	639.65	5.02	5.48
General engineering	51	88580.47	100961.15	87389.83	107478.37	4466.26	5494.45	5.04	5.44
Basic industrial chemicals	40	73740 20	82070.56	80071.96	94306.81	4523.64	4452.61	6.13	5.43
Diversified	18	87925.92	102698.17	138307.08	161913.74	4251.14	5435.85	4.83	5.29
Beverages	8	18151.23	19644.14	30840.73	33017.53	857.58	1027.63	4.72	5.23
Silk & synthetic textiles	21	89223.48	108023.92	9 661.22	112301.77	5802.68	5270.56	6.50	4.88
Fine & pharmaceutical chemicals	15	20788 96	23106 02	28879.35	32777.06	1361.98	1121.81	6.55	4.85
Iron & Steel	13	68489 00	74493.51	61841.88	75772.44	3179.36	3444.93	5.01	4.62
Sugar	15	10712.24	11343 10	12555.16	13136 27	4.98	512 67	0.05	4.52
Paper & paper products	16	36645.45	41524.09	36279.96	44557.00	1939.24	1785.40	5.29	4.30
Vanaspati	5	2946 43	3365.05	10834.73	11629.34	155.05	144.73	5.26	4.30
Metal products	23	33104.66	38264 82	46681.41	52144.53	1474.33	1340.68	4.45	3.50
Woollen textiles	3	6115.44	7643.90	6176.89	7734.23	255.37	260.97	4.18	3.41
Other textiles	4	1436.62	1691.92	2015.13	2417.32	92 65	56.10	6.45	3.32
Cigarette	4	22907.51	28774.60	21550.16	22170.61	843.00	849.44	3.68	2.95
Cotton textiles	91	126007.92	151837.93	196028 06	226146.58	6682.76	3982.88	5.30	2.62
Fertilisers	9	56188.95	67616.48	56936.72	70069.16	2312.35	1734.65	4.12	2.57
Aluminium	2	22418 87	25567.61	17527.92	18996.87	1061.53	407.18	4.73	1.59
Wood products	1	396.60	426.73	192.79	228.35	2.73	6.01	0.69	1.41
Cement	7	28629.14	37318.45	29919.35	35741.72	435.43	470.62	1.52	1.26
Rubber products	11	44720.61	52073.80	54447.39	66959.07	1256.65	406.71	2 81	0 78
Footwear	2	4602.58	4781.90	9288.80	10608.87	32.33	3.91	0.70	0.08
Jute textiles	12	11803.08	12177.56	22963.11	23273.73	1965 23	—111.42	16 65	—0.91
Shipbuilding & repairing	2	2086.63	2200.93	1075.32	1255.41	—185.76	—110.19	—8 90	—5 01
Sub-total for manufacturing	471	1073566 74	1262654 09	1351067 87	1623328 97	56148 85	55299.89	5.23	4 46
Other activities									
Hotels & restaurants, etc.	3	8061.35	8865.24	5310.94	6217.73	795.09	898.27	9.86	10.13
Transport: shipping, road	10	66642.34	69004 1	26879 13	29498.77	1623.39	2915.81	2.44	4.23
Tea, coffee & rubber plantations	18	7563.37	7814.37	5874.10	5583.15	465.22	277 23	6.15	3.55
Electricity, gas, steam	9	52681.61	71194.43	44904.22	56147.07	1792 09	2080 24	3.40	2.92
Trade & commerce	22	27260.77	31338.59	52637.18	60455.78	737.46	835.79	2 71	2 67
Construction	7	20212.26	25140.85	8685.14	12997.17	304 90	450.92	1.51	1 79
Sub-total for other activities	69	182421.70	213357.59	144290 71	170899.67	5718 15	7458.26	3 13	3.50
Total $	540	1255988.44	1476011.68	1495358.57	1794228.64	61867.00	63758.15	4.93	4.32

Note: $ = The industrywise and aggregate totals do not include the figures of Binny and Zuari Agro as their annual accounts for the latest year are not available.

* = Net profit as percent of net assets

TOP 500 PRIVATE SECTOR COMPANIES

(Ranked According to Net Assets)

(Amounts in rupees lakhs)

	Rank according to net assets during the latest year	Latest Year ended	Net assets		Net sales		Net profit		Dividend (Per cent)		Net profit as per cent of net assets	
			Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year
Tata Iron and Steel Co.	1	Mar 81	39887.00	46785.00	37822.00	43368.00	1647.00	1734.00	13.5	15	4.13	3.71
Tata Engineering & Locomotive Co.	2	Mar 81	40036.85	45996.14	41653.00	56149.30	1597.19	2436.94	20	20	3.99	5.30
Associated Cement Co.	3	July 81	18885.91	24117.07	16355.64	20232.00	24.49	140.18	10	10	0.13	0.58
Scindia Steam Navigation Co.	4	June 81	22348.30	22591.00	10095.16	10345.40	229.11	227.03	Nil	10	1.03	1.00
Gwalior Rayon Silk Mfg (Wvg) Co	5	Mar 81	17206.41	20312.59	21055.68	24992.23	492.57	111.42	20	20	2.86	0.55
Calcutta Electric Supply Corpn (India)	6	Mar 81	14420.99	20210.86	10221.58	12995.57	481.76	646.71	13	15	3.34	3.20
Hindustan Lever	7	Dec 80	16830.74	19834.04	31892.14	39347.60	1770.69	1652.47	25	25	10.52	8.33
Delhi Cloth & General Mills Co.	8	June 81	15890.80	18399.05	28351.24	35932.19	56.46	628.43	12	15	0.36	3.42
I. T. C.	9	Mar 81	14250.75	18165.06	13789.99	13442.07	546.52	606.87	15	16	3.83	3.34
J. K. Synthetics	10	Dec 80	14395.02	17224.00	9340.83	10762.45	955.14	508.81	18	18	6.64	2.95
Southern Petrochemical Industries Corpn.	11	June 81	14463.55	16876.44	11992.97	21037.27	649.27	830.69	Nil	Nil	4.49	4.92
Gujarat State Fertilizers Co.	12	Dec 80	13943.17	16323.41	10640.97	10815.21	673.25	480.62	22	22	4.83	2.94
Ashok Leyland	13	Dec 80	10245.89	15592.94	15645.29	20671.36	935.19	1264.10	17	20	9.13	8.11
Great Eastern Shipping Co.	14	June 81	16153.36	15592.62	5311.67	5840.68	1150.59	1223.04	25	20	7.12	7.84
Reliance Textile Industries	15	Dec. 80	11016.97	15332.53	15615.32	20830.85	822.54	1123.24	25	25	7.47	7.33
Voltas	16	Aug. 81	12210.77	14842.42	22741.63	25916.87	372.32	410.37	18.	20	3.05	2.76
Century Spg. & Mfg Co.	17	Dec. 80	11589.14	13610.05	12849.98	14630.54	1538.39	1588.83	26	20	13.27	11.67
Hindustan Aluminium Corpn.	18	Dec. 80	11762.96	13189.62	8169.94	8934.60	351.48	61.14	12.5	12.5	2.99	0.46
Larsen & Toubro	19	Mar. 81	11258.24	13166.17	12352.34	14557.06	655.91	974.56	18	20	5.83	7.40
Dunlop India	20	Dec. 80	12075.14	13040.27	15160.83	16900.23	550.76	327.96	20	15	4.56	2.51
Indian Explosives	21	Sept. 80	7868.63	12605.30	8127.73	6706.48	213.12	—142.86	10	Nil	2.71	—1.18
Indian Aluminium Co.	22	Dec. 80	10655.91	12377.99	9357.98	10062.27	710.05	346.04	17.5	15	6.66	2.80
India Steamship Company	23	Mar. 81	11075.26	11580.30	4010.85	4537.91	—352.46	—5.45	Nil	10	—3.18	—0.05
Engineering Construction Corpn.	24	Sept. 80	9220.68	10795.90	862.13	1884.10	179.98	112.00	20	10	1.95	1.04
Tata Power Company	25	Mar. 81	7428.18	10694.74	9155.83	11901.15	291.10	180.80	15	15	3.92	1.69
Ahmedabad Electricity Co.	26	Mar. 81	9195.34	10535.94	6123.05	7178.86	204.20	598.35	12.5	15	2.22	5.68
Ballarpur Industries	27	Jun. 81	9400.92	10535.22	10785.19	14849.22	760.19	767 78	20	21	8 09	7.29
Hindustan Motors	28	Mar. 81	10686.18	10235.53	12921.53	19462.35	—25.13	625.30	Nil	Nil	—0.24	6.11
Mahindra & Mahindra	29	Oct. 80	8523.74	10178.23	12723.28	17442.27	758.89	778.37	20	18	8.90	7.65
Ahmedabad Mfg. & Calico Printing Co.	30	Mar. 81	8885.30	9722.27	10163.54	10511.08	182.56	—119.52	14.4	14.4	2.05	—1.23
ACC–Vickers–Babcock	31	Mar. 81	8201.36	9703.28	5011.67	6701.12	441.14	375.12	20	20	5.38	3.87
Union Carbide India	32	Dec. 80	8840.95	9650.20	11882.57	14255.32	647.21	811.02	16	14	7.32	8.40
Escorts	33	Dec. 80	7917.15	9055.48	17368.78	18458.49	669.78	668.14	20	20	8.46	7.38
Crompton Greaves	34	June. 81	6504.90	9044.92	11151.83	13389.21	443.05	718.31	18	19	6.81	7.94
Renusagar Power Co.,	35	Dec. 80	5392.84	8996.81	1291.64	1414.38	66.60	—10.07	Nil	Nil	1 23	—0.11
Tata Chemicals	36	June. 81	7117.14	8814.80	5598.72	7469.06	604.55	930.41	20	22.5	8.49	10.55
Guest, Keen. Williams	37	Dec. 80	8394.07	8701.20	10899.29	12311.73	487.55	332.82	14	14	5.81	3.82
Bombay Dyeing	38	Mar. 81	7641.71	8648.13	9837.49	10963.80	529.52	492.79	14	14	6.93	5.70
Mangalore Chemicals & Fertilisers	39	Dec. 80	7831.75	8271.48	5813.82	6509..41	282.13	—245.44	Nil	Nil	3.60	—2.97
Metal Box India	40	Sept. 80f	6631.59	8236.60	11693.91	9704.40	598.64	197.94	21	12 5	9.03	2.40
National Organic Chemical Industries	41	Dec. 80	7224.75	8066.99	8812.52	10272.83	500.25	387.54	16	12	6.92	4.80
Siemens India	42	Sept. 80	5858.40	7896.76	9412.19	12578.12	276.57	376.21	16	17	4.72	4.76
Bombay Suburban Electric Supply	43	Mar. 81	6963.77	7872.63	6201.31	7444.62	399.79	430.31	16	16	5.74	5.47
Madura Coats	44	June. 81	6682.14	7844.25	9043.47	11087.59	490.14	312.97	20	20	7.33	3.99
Tata Oil Mills Co.	45	Mar. 81	5295.41	7747.72	9446.26	13109.06	158.05	205.36	20	20	2.98	2.65
Mahindra Ugine Steel Co.	46	Dec. 80	6749.52	7733.12	2300.85	4722.69	315.24	351.77	14	18	4.67	4.55
Pieco Electronics & Electricals	47	Dec. 80	7388.93	7586.29	9159.13	10722.89	419.93	528.30	17	18	5.68	6.96
Birla Jute Mfg. Co.	48	Mar. 81	6360.45	7583.70	8335.16	8521.42	400.31	282.54	11	10	6.29	3.73

TOP 500 PRIVATE SECTOR COMPANIES

(Ranked According to Net Assets)

(Amounts in rupees lakhs)

	Rank according to net assets during the latest year	Latest Year ended	Net assets		Net sales		Net profit		Dividend (Per cent)		Net profit as per cent of net assets	
			Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year
Nirlon Synthetic Fibres & Chemicals	49	Mar. 81	6368.92	7438.98	4370.38	5950.19	351.35	479.75	25	25	5.52	6.45
Rallis India	50	Aug. 81	6458.20	7339.70	16867.78	21447.00	209.85	199.33	18	18	3.25	2.72
Modi Rubber	51	Oct. 80	5595.11	7331.53	7883.06	9717.72	585.62	532.58	15	18	10.47	7.26
Standard Mills Co.	52	Mar. 81	5678.53	7122.65	7676.96	8767.32	438.67	574.16	20	22	7.73	8.06
Chowgule Steamships	53	Mar. 81	6448.52	6983.40	1596.92	1670.92	191.55	598.74	Nil	15	2.97	8.57
Hindustan Construction Co.	54	July 81	5003.64	6916.05	3519.89	6085.60	39.94	230.02	9	15	0.80	3.33
Brooke Bond India	55	27th June 81 @	7541.20	6912.57	17545.32	16404.63	439.05	497.79	20	20	5.82	7.20
J. K. Industries	56	Dec. 80	6352.61	6851.58	3883.92	3969.42	175.99	—256.77	Nil	Nil	2.77	—3.75
Mukand Iron & Steel Works	57	June 81	4928.55	6770.75	7739.47	10794.71	154.92	299.87	12	15	3.14	4.43
Zuari Agro Chemicals	58	June 81	6401.51	..	5847.56	..	1069.17	..	15		16.70	—
Glaxo Laboratories (India)	59	June 81	6164.30	6386.14	7398.04	8669.04	481.92	497.48	16	16	7.82	7.79
Indian Rayon Corporation	60	June 81	4158.12	6359.87	5296.50	5479.14	400.76	474.68	15	16	9.64	7.46
Bajaj Auto	61	June 81	4204.39	6308.84	4610.95	9300.16	487.46	743.11	20	25	11.59	11.78
Mafatlal Industries	62	Mar. 81	4965.70	6178.28	5316.11	5734.09	264.72	427.80	17.6	17.6	5.33	6.92
Mafatlal Fine Spg. & Mfg. Co.	63	Mar. 81	4752.36	6178.10	6690.17	8202.25	234.76	293.00	17	17	4.94	4.74
Andhra Valley Power Supply	64	Mar 81	4167.13	6119.46	5513.84	7182.66	161.86	113.01	15	15	3.88	1.85
Golden Tobacco Co.	65	June. 81	5360.23	6111.37	2460.57	3631.14	77.27	121.85	15	18	1.44	1.99
Indian Tube Company	66	Mar. 81	5853.62	5981.91	8149.42	9651.48	298.86	556.77	Nil	15	5.11	9.31
East India Hotels	67	Mar. 81	5713.72	5885.19	2569.40	2991.76	450.30	488.46	20	22	7.88	8.30
Raymond Woollen Mills	68	Mar 81	4391.63	5857.86	4076.36	4669.98	229.26	237.32	15	15	5.22	4.05
Ceat Tyres of India	69	Dec. 80	4332.92	5833.99	6985.01	8950.51	243.52	231.04	17	17	5.62	3.96
Alkali and Chemical Corpn. of India	70	Sept. 80	5187.42	5754.64	5280.66	6159.71	144.98	150.24	16	15	2.79	2.61
Kirloskar Oil Engines	71	June 81	5008.47	5732.69	6051.19	7731.99	199.16	358.06	12.5	15	3.98	6.25
Tata Finlay	72	Dec. 80	4988.75	5702.13	6411.98	6617.47	145.17	27.17	15	Nil	2.91	0.48
Orient Paper & Industries	73	Mar. 81	4771.92	5695.64	5533.74	5734.61	303.92	260.65	20	20	6.37	4.58
Kesoram Industries & Cotton Mills	74	Mar. 81	5023.88	5557.87	6894.26	8248.91	478.22	563.09	17	14	9.52	10.13
Coromandel Fertilizers	75	Dec. 80	5149.46	5477.71	4507.77	5834.99	323.38	383.32	20	20	6.28	7.00
Ratnakar Shipping Company	76	Mar. 81	4586.25	5329.93	1633.36	1922.33	242.44	275.39	7.5	10	5.28	5.16
Motor Industries Company	77	Dec. 80	4587.21	5272.18	6597.77	8659.31	460.21	530.25	14	16	10.03	10.06
Duncan Agro Industries	78	Sept. 80	4091.05	5234.87	3474.05	4856.61	—192.38	88.71	Nil	10	—4.70	1.69
MRF	79	Sept. 80	4306.42	5198.54	7409.27	9070.31	322.98	174.68	15	15	7.50	3.36
Binny	80	June 81	5106.19	—	9059.33	—	—452.81	—	Nil	—	—8.87	—
Premier Automobiles	81	June 81	4337.87	5066.33	5875.78	8661.41	349.61	804.00	Nil	15	8.06	15.87
Modipon	82	June 81**	3740.63	5047.34	2410.27	3983.70	208.72	292.98	25	17	5.58	5.80
Indian Dyestuff Industries	83	Mar. 81	4863.33	5041.66	4553.32	4802.11	173.53	158.70	13	13	3.57	3.15
Mafatlal Engineering Industries	84	Mar. 81	3804.71	5016.05	2781.29	4044.23	110.37	164.95	10	10	2.90	3.29
Straw Products	85	Dec. 80	4265.06	4989.96	3165.65	3969.66	232.87	318.02	18	20	5.46	6.37
Kamani Engineering Corpn.	86	Sept. 80	4654.11	4946.73	3453.39	4739.76	231.80	364.01	20	20	4.98	7.36
EID Parry (India)	87	Dec. 80	4144.58	4893.05	11894.30	14165.10	— 51.79	224.76	Nil	Nil	—1.25	4.59
Baroda Rayon	88	Dec. 80	3895.10	4800.28	2987.43	3188.10	303.70	218.23	13	15	7.80	4.55
National Rayon Corpn.	89	Dec. 80	4606.78	4759.50	5864.36	7692.81	713.03	361.31	25	25	15.48	7.59
Kothari (Madras)	90	June 81	3688.76	4704.04	4177.95	4887.57	341.29	416.86	20	22	9.25	8.86
Atul Products	91	Dec. 80	4462.10	4698.97	5305.05	5459.97	474.60	339.86	20	20	10.64	7.23
Jiyajeerao Cotton Mills	92	Mar. 81	4631.33	4638.35	7739.96	8378.19	283.03	115.27	10	10	6.11	2.49
Orissa Cement	93	Dec. 80	3120.73	4591.01	4411.53	5284.11	213.29	154.67	25	25	6.83	3.37
Bata India	94	Dec. 80	4352.26	4491.17	9096.50	10491.27	54.27	24.65	16	10	1.25	0.55
Tata Hydro-Electric Power Supply Co.	95	Mar. 81	3036.22	4382.70	3728.88	4860.49	110.56	77.94	15	15	3.64	1.78
Shri Ambica Mills	96	Dec. 80	3591.31	4314.74	5853.90	6653.04	135.09	175.59	16	17	3.76	4.07
Greaves Cotton & Co.	97	June 81	3802.46	4244.97	7640.72	8489.56	135.62	158.22	13	15	3.57	3.73
Texmaco	98	Dec. 80	3816.15	4232.66	3468.12	4748.80	58.85	132.48	15	20	1.54	3.13
Jagatjit Cotton Textile Mills	99	April 81*	2669.34	4149.41	3614.30	5267.31	160.65	157.97	10	12.5	6.02	3.81

TOP 500 PRIVATE SECTOR COMPANIES

(Ranked According to Net Assets)

(Amounts in rupees lakhs)

	Rank according to net assets during the latest year	Latest Year ended	Net assets		Net sales		Net profit		Dividend (Per cent)		Net profit as per cent of net assets	
			Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year
Wimco	100	Dec. 80	3353.98	4126.74	3926.10	4850.88	166.34	233.07	14	15	4.96	5.65
Indian Oxygen	101	Sept 80	3871.33	4121.06	4751.32	5634.13	121.24	192.60	10	15	3.13	4.67
Hindustan Brown Boveri	102	April 81	3364.80	4085.42	3418.75	3917.92	163.28	222.74	16	17	4.85	5.45
Colour-Chem	103	Mar. 81	4050.34	4071.70	3873.60	4171.40	211.05	207.54	12	15	5.21	5.10
Elecon Engineering Company	104	Dec. 80	3068.49	4069.64	2689.32	2880.04	139.52	149.52	17	18	4.55	3 67
Macneill & Magor	105	Dec. 80	3151.00	4025.71	3846.93	4835.43	30.91	39.66	4	5.5	0.98	0.99
Morarjee Goculdas Spg. & Wvg. Co.	106	June 81	2615.84	4016.30	3878.96	5662.83	229.43	158.31	20	15	8.77	3.94
Indian Organic Chemicals	107	Mar. 81	3145.78	4013.16	3244.80	3570.56	223.11	175.44	12	12	7.09	4.37
Titaghur Paper Mills Co.	108	Mar. 81	3499.28	3985.97	3952.58	4325.60	136.91	28.20	10	8	3.91	0.71
Bombay Tyres International	109	Oct. 80	3859.80	3978.94	4646.59	5022.23	15.05	—141.36	Nil	Nil	0.39	—3.55
Bihar Alloy Steels	110	Dec. 80	4164.30	3975.19	3682.42	3834.01	312.64	180.92	Nil	Nil	7.51	4.55
General Electric Co. of India	111	Mar. 81	3539.01	3972.35	3927.45	4770.63	138.09	195.15	13	15	3.90	4.91
Fort Gloster Industries	112	Mar. 81	2954.92	3883.47	5887.47	7049.93	178.26	263.38	20	16	6.03	6.78
Rohtas Industries	113	Mar. 81	3458.13	3844.76	6109.07	7623.64	—147.41	—115.38	Nil	Nil	—4.26	—3.00
Modi Industries	114	Mar. 81	3077.24ϕ	3828.89	7629.59ϕ	6200.99	160.71ϕ	150.27	17	18	5.22ϕ	3.92
Garware Nylons	115	Mar. 81	3404.47	3799.29	2334.49	3240.36	269.05	300.82	15	17	7.90	7.92
South India Shipping Corpn.	116	Dec. 80*	3046.33	3735.82	2164.67	2334.81	247.20	272.64	Nil	10	8.11	7.30
Bayer (India)	117	Dec. 80	3403.36	3700.75	4573.31	4787.00	181.05	83.94	16	8	5.32	2.27
K. C. P.	118	June. 81	3108.26	3689.25	3138.16	3576.04	181.56	304.64	15	15	5.84	8.26
Arvind Mills	119	Dec. 80	3281.58	3660.40	3576.40	4394.39	320.01	261.31	25	21	9.75	7.14
Modi Spg. & Wvg. Mills Co.	120	April 81	3637.48	3650.39	5943.35	4385.85	3.42	—534.58	6	Nil	0.09	—14.64
Hindoostan Spinning	121	Mar. 81	3219.59	3613.89	5363.91	6324.71	251.80	142.91	10	12	7.82	3.95
Hyderabad Asbestos Cement Products	122	Dec. 80	2941.82	3567.53	5232.59	5668.91	252.54	361.33	25	15	8.58	10.13
Zenith Steel Pipes & Industries	123	April 81	2786.86	3551.25	3713.13	4843.85	43.93	173.79	17.5	20	1.58	4.89
Polyolefins Industries	124	Dec. 80	2598.33	3521.53	2717.85	3379.05	216.94	210.42	16	16	8.35	5.98
Good Year India	125	Dec. 80	2832.06	3509.63	4343.47	6359.36	89.58	198.52	8	12	3.16	5.66
Simon-Carves India	126	Dec. 80	2871.31	3508.26	674.52	726.23	26.19	29.41	16	16	0.91	0.84
Jay Engineeing Works	127	Mar. 81	2971.68	3480.49	4508.08	5368.07	103.74	—20.57	15	10	3.49	—0.59
Indian Cable Company	128	Mar. 81	2934.73	3407.50	4279.51	4869.04	118.10	160.07	14	17	4.02	4.70
Bajaj Tempo	129	Sept. 80	2330.05	3356.03	3561.32	4518.29	220.34	374.93	12.5	15	9.46	11.17
Shree Digvijay Cement Co.	130	Dec. 80	2662.90	3332.49	4538.86	4923.15	138.24	88.82	15	15	0.68	2.67
Swan Mills	131	Dec. 80	2468.78	3331.70	3871.25	5208.47	190.47	203.86	15	15	7.72	6.12
Apollo Tyres	132	Oct. 80	2973.61	3328.29	1260.11	2580.60	—592.63	—533.04	Nil	Nil	—19.93	—16.02
South India Viscose	133	Mar. 81	3210.89*	3261.14	2780.38*	2875.84	212.76*	232.77	15	17	6.63*	7.14
Kirloskar Cummins	134	Sept 80	2630.98	3256.41	3576.13	5433.57	208.52	466.11	20	20	7.93	14.31
Sandoz (India)	135	Dec. 80	2851.54	3150.57	4212.57	4672.87	152.60	129.26	16	11.5	6.35	4.10
Mohan Meakin	136	Mar. 81	2635.67	3072.97	3874.60	4933.34	18.26	108.29	10	15	0.69	3.52
Chemicals & Fibres of India	137	Sept. 80	2487.72	3039.81	2482.68	2194.97	110.22	45.20	16	10	4.43	1.49
Seshasayee Paper & Boards	138	Mar. 81	3027.43	3029.46	2216.57	2977.73	65.90	69.49	12	12	2.17	2.29
Synthetics & Chemicals	139	Dec. 80	2746.66	3026.83	2678.06	3266.45	166.67	8.09	12	Nil	6.07	0.27
Utkal Machinery	140	Sept. 80	2949.11	3009.70	1469.71	2409.03	62.94	53.86	10	10	2.13	1.79
Tinplate Company of India	141	Dec. 80	3668.45	2985.83	3626.67	3887.89	—292.60	—562.06	Nil	Nil	—7.98	—18.82
Associated Bearings	142	Dec. 80	2542.96	2974.78	2383.38	3208.72	247.76	363.08	20	17	9.74	12.20
Graphite India	143	Dec. 80	2087.98	2966.63	1653.03	2527.49	143.40	259.16	16	16	6.87	8.74
Bharat Commerce and Industries	144	Dec. 80	2826.14	2926.31	6318.40	6271.47	180.28	129.85	20	20	6.38	4.44
Century Enka	145	Sept. 80	2526.87	2922.85	1864.61	2313.83	348.82	590.36	22	22	13.80	20.20
Ahmedabad Advance Mills	146	Mar. 81	2442.77	2872.83	3579.12	3358.80	105.26	90.26	20	17	4.31	3.14
Lakshmi Machine Works	147	Dec. 80	2494.61	2863.00	2784.73	3436.78	97.46	133.89	17	20	3.91	4.68
Kirloskar Pneumatic Co.	148	June 81	2387.05	2835.52	2572.55	3348.15	109.95	199.22	15	18	4.61	7.03
Gujarat Steel Tubes	149	June 81	1935.78	2833.65	3186.30	4996.86	164.08	167.15	18	24	8.48	5.90

TOP 500 PRIVATE SECTOR COMPANIES

(Ranked According to Net Assets)

(Amounts in rupees lakhs)

	Rank according to net assets during the latest year	Latest Year ended	Net assets		Net sales		Net profit		Dividend (Per cent)		Net profit as per cent of net assets	
			Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year
Indian Hotels Co.	150	Mar. 81	2207.08	2811.39	2627.07	3070.07	323.26	399.40	22	22	14.65	14.20
Shree Synthetics	151	June 81	2381.46	2779.18	1131.63	1878.67	139.40	229.46	12	15	5.85	8.26
Premier Mills	152	June 81	1336.40*	2763.88	1890.45*	2001.64	134.98*	67.98	20	16	10.10*	2.46
Triveni Engineering Works	153	Oct. 80	2811.03	2714.10	2673.99	2526.45	69.60	18.32	10	Nil	2.48	0.67
Cable Corporation of India	154	Dec. 80	1522.61	2665.23	2860.09	4390.59	126.23	221.62	6	16	8.29	8.32
Godfrey Phillips India	155	Dec. 80	1418.54	2633.11	2007.36	1836.68	25.33	5.58	9	Nil	1.79	0.21
Blue Star	156	Dec. 80	2087.30	2628.12	3427.62	4293.58	55.86	67.54	15	17	2.68	2.57
Bharat Vijay Mills	157	Dec. 80	1438.45	2616.57	1917.73	2451.55	99.32	131.08	22	25	6.90	5.01
Dalmia Cement (Bharat)	158	Dec. 80	1974.48	2591.90	2902.46	3228.96	65.21	78.38	18	15	3.30	3.02
Britannia Industries	159	June 81*	2483.71	2588.14	6214.93	8709.40	211.16	225.45	15	19	8.50	8.71
West Coast Paper	160	June 81	2345.12	2585.66	1863.83	3061.56	—12.31	42.02	Nil	6	—0.52	1.63
Shree Vallabh Glass Works	161	June 81	1847.63*	2579.69	1475.80*	2431.67	97.22*	363.68	25	22	5.26*	14.10
Amar Dye-Chem	162	Dec. 80	2288.18	2482.19	2588.20	2472.34	80.98	26.08	12	12	3.54	1.05
Alembic Chemical Works Co	163	Dec. 80	2392.98	2474.59	2733.05	2893.89	39.89	— 75.96	8	7	1.67	—3.07
Universal Cables	164	Mar. 81	1996.12	2470.15	3742.48	4817.72	227.77	305.98	17.5	20	11.41	12.39
Ferro Alloys Corporation	165	Dec. 80	2175.27	2454.55	3051.02	3477.50	97.29	163.66	12	15	4.47	6.67
Jyoti	166	Mar. 81	1827.25	2430.95	2389.51	2942.98	69.57	96.07	14	15	3.81	3.95
Tribeni Tissues	167	Dec. 80	2154.83	2381.97	1853.13	1823.13	207.34	160.43	18.5	16	9.62	6.74
Bharat Steel Tubes	168	Mar. 81	1719.86	2334.43	2224.52	2899.64	—12.21	55.90	12	15	—0.71	2.39
Khatau Makanji Spg. & Wvg Co.	169	June 81	2060.69	2279.70	4838.15	5200.03	77.26	80.82	12	14	3.75	3.55
Dharamsi Morarji Chemical Co.	170	Dec. 80	1963.31	2261.25	2924.97	3854.20	160.23	179.33	16	18	8.16	7.93
Herdillia Chemicals	171	Dec. 80	1942.32	2252.48	3025.40	3816.82	270.77	302.37	20	20	13.94	13.42
SLM-Maneklal Industries	172	Mar. 81	1880.65	2212.96	1887.21	2188.41	62.51	57.56	17	14	3.32	2.60
Central Pulp Mills	173	Sept. 80	2295.03	2211.14	1232.24	1560.57	—141.49	— 33.06	Nil	Nill	—6.16	—1.50
Andhra Sugars	174	Sept. 80	2235.61	2207.03	1557.12	1725.37	198.34	270.71	12	15	8.87	12.27
Mysore Kirloskar	175	June 81	1895.77	2183.60	2435.12	3112.61	102.58	134.81	15	15	5.41	6.17
Orient General Industries	176	Mar. 81	1756.42	2141.73	3428.23	4197.66	13.15	3.40	10	12	0.75	0.16
Dhrangadhra Chemical Works	177	Mar. 81	1717.26	2112.29	2384.89	3100.04	53.74	104.67	12	15	3.13	4.96
Industrial Cables (India)	178	Oct. 80	1582.07	2108.21	2075.34	3366.70	155.97	156.94	15	15	9.86	7.44
Electric Construction & Equipment Co.	179	Oct. 80	1731.94	2106.02	2199.66	3134.84	87.42	157.51	13	17.5	5.05	7.48
McDowell & Company	180	Dec. 80	1590.78	2089.71	1382.18	2465.36	148.63	222.24	7.5	7.5	9.34	10.63
Sandur Manganese & Iron Ores	181	Mar. 81	1677.51	2076.24	1346.64	1657.57	218.70	224.53	10	12	13.04	10.81
Premier Tyres	182	June 81	1676.13	2074.80	1428.59	2648.94	—132.32	—169.47	Nil	Nil	—7.89	—8.17
Bombay Burmah Trading Corpn.	103	Sept. 80	1963.84	2057.38	1517.83	1795.47	61.11	88.18	18	18	3.11	4.29
English Electric Co. of India	184	Mar. 81	1565.57	2007.41	2374.82	2825.82	164.83	192.46	22	25	10.53	9.59
Ruston & Hornsby (India)	185	May 81	1979.85	1991.47	1672.88	2074.85	74.03	92.53	10	10	3.74	4.65
Sakthi Sugars	186	June 81	1467.63	1988.31	2079.41	2095.37	253.33	68.73	12	17.5	17.26	3.46
General Industrial Society	187	Dec. 80	1909.14	1978.81	3498.00	3856.73	112.14	77.30	14	12	5.87	3.91
Gokak Patel Volkart	188	Dec. 80	1639.93	1974.68	2510.24	2878.45	121.31	111.56	22	22	7.40	5.65
Asian Paints (India)	189	Dec. 80	1837.53	1949.71	3474.37	4237.15	101.46	169.74	18	20	5.52	8.71
Otis Elavator Co. (India)	190	Nov. 80	1647.90++	1941.45	1118.32++	1326.22	73.32++	79.50	21	20	4.45++	4.09
Seven Seas Transportation	191	Dec. 80	1852.39	1921.98	913.09	1291.28	—100.93	251.87	Nil	Nil	—5.45	13.10
Empire Industries	192	June 81	1568.41	1887.70	2185.32	2731.48	66.02	83.01	15	15	4.21	4.40
Kelvinator of India	193	June 81	1403.44	1886.40	2653.64	3259.25	127.02	176.31	15	20	9.05	9.35
Belpahar Refractories	194	Oct. 80	1860.62	1882.90	1702.15	1777.43	147.13	76.37	12	20	7.91	4.06
Food Specialities	195	Dec. 80	1708.19	1866.59	4119.81	4780.91	167.06	201.60	25	20	9.78	10.80
Vazir Sultan Tobacco Co.	196	Sept. 80	1877.99	1865.06	3292.24	3260.72	193.88	115.14	17	18	10.32	6.17
Kanoria Chemicals & Industries	197	Mar. 81	1972.36	1829.34	3098.03	3450.82	122.55	167.11	12	12	6.21	9.13
Hooghly Docking & Engg. Co.	198	Dec. 80	1753.23	1808.08	589.44	647.32	—187.66	—120.16	Nil	Nil	—10.70	—6.65

TOP 500 PRIVATE SECTOR COMPANIES

(Ranked According to Net Assets)

(Amounts in rupees lakhs)

	Rank acording to net assets during the latest year	Latest Year ended	Net assets		Net sales		Net profit		Dividend (Per cent)		Net profit as per cent of net assets	
			Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year
Star Paper Mills	199	Mar. 81	1617.13	1799.78	1416.44	1797.26	105.38	—13.24	10	10	6.52	—0.74
Central India Spg. Wvg & Mfg. Co.	200	Dec. 80	1492.29	1799.10	2435.79	2394.41	121.76	128.24	Nil	10	8.16	7.13
Anglo India Jute Mills	201	Dec. 80	1787.56	1794.25	2947.32	4039.90	59.35	57.56	15	15	3.32	3.21
Asoka Mills	202	Dec. 80	1481.17	1784.36	2828.16	2521.07	93.22	92.55	22	18	6.29	5.19
McNally Bharat Engineering Co.	203	Nov. 80	1528.17	1780.08	1524.60	787.89	57.06	25.18	15	15	3.73	1.41
Saurashtra Cement and Chemical Industries	204	June 81	1408.92	1778.45	1123.52	1025.29	27.83	—59.79	10	Nil	1.98	—3.36
New Central Jute Mills Co.	205	Mar. 81	2133.07	1751.49	4004.23	3444.86	299.91	—258.75	Nil	Nil	14.06	—14.77
Juggilal Kamlapat Cotton Spg & Wvg Mills Co.	206	Dec. 80	1161.97	1741.74	1838.97	2210.88	155.58	74.53	10	10	13.39	4.28
Tata Mills	207	Sept. 80	1455.68	1737.09	2634.56	2889.53	31.83	—197.37	Nil	Nil	2.19	—11.36
Surat Electricity Co.	208	Mar. 81	1495.27	1718.89	1519.35	1795.25	53.66	18.92	14	14	3.59	1.10
Tata Robins Fraser	209	Mar. 81	1669.29	1708.77	1633.90	1969.66	40.95	13.45	16	10	2.45	0.79
Cadbury India	210	3rd Jan. 81#	1578.27	1705.70	2227.49	1847.05	41.42	16.02	14	6	2.62	0.93
Shri Arbuda Mills	211	Dec. 80	1417.64	1692.51	2271.81	2656.21	60.75	41.96	17	17	4.29	2.48
Goetze (India)	212	Dec. 80	1535.66	1668.32	679.74	798.25	99.77	92.32	12	14	6.50	5.53
Birla Cotton Spg & Wvg Mills	213	Mar. 81	2060.19	1655.45	3019.34	3732.83	—127.81	—162.68	Nil	Nil	—6.20	—9.83
Colgate-Palmolive (India)	214	Dec. 80	1767.23	1654.06	4022.01	5001.90	283.85	304.20	92	101	16.06	18.39
Svadeshi Mills Co.	215	Dec. 80	1452.71	1645.60	2133.89	2222.37	76.01	99.49	20	20	5.23	6.05
Gramophone Co. of India	216	Mar. 81	1457.11	1635.44	1212.71	1861.86	39.31	92.27	14	20	2.70	5.64
Stewarts and Lloyd of India	217	Dec. 80	1251.60	1629.32	1148.73	1131.19	18.66	16.55	14	12	1.49	1.02
Simplex Mills Co.	218	June 81	1211.27	1623.30	2219.95	2450.75	122.18	38.46	16	14	10.09	2.37
Kohinoor Mills Co.	219	Mar. 81	1453.77	1582.27	2621.98	3108.59	—256.19	—296.95	Nil	Nil	—17.62	—18.77
Shree Ram Mills	220	Dec. 80	1343.96	1581.87	2874.93	3343.27	85.61	35.92	Nil	Nil	6.37	2.27
Hukumchand Mills	221	Mar. 81	3141.00	1581.03	2012.04	2322.83	61.90	10.89	6	4	4.62.	0.69
Ramon & Demm	222	Mar. 81	1579.66	1579.52	973.99	946.57	103.71	24.08	Nil	Nil	6.57	1.52
Hoechst Dyes & Chemicals	223	Dec. 80	1421.98	1558.05	5437.77	6296.93	64.23	55.74	15	16	4.52	3.58
Hastings Mills	224	Mar. 81	1487.77	1542.56	2459.70	2327.77	177.83	—86.69	Nil	Nil	11.95	—5.62
Maneklal Harilal Spg & Mfg. Co	225	Dec. 80	1204.33	1536.56	2011.59	2211.41	93.18	75.98	12.5	12.5	7.74	4.94
Laxmi Vishnu Textile Mills	226	Dec. 80	1150.00	1529.20	2582.17	3026.89	29.54	—70.26	Nil	Nil	2.57	—4.59
Bharat Bijlee	227	June 81	1205.97	1521.61	1802.42	2140.79	45.37	72.52	15	16	3.76	4.77
Asian Cables Corporation	228	Dec. 80	1250.53	1517.06	1513.29	1973.77	76.70	108.65	20	20	6.13	7.16
Cyanamid India	229	Nov. 80	1510.00	1508.90	1868.95	1547.22	151.16	9.79	30	10	10.01	0.65
Hukumchand Jute Mills	230	Mar. 81	1384.72	1505.00	3011.48	3262.23	157.66	90.57	40	40	11.39	6.02
Mettur Chemical & Industrial Corpn.	231	Mar. 81	1320.61	1494.87	1972.85	2358.26	104.00	75.20	16	16	7.88	5.03
Consolidated Coffee	232	June 81	1662.48	1494.64	1247.83	1038.80	181.71	166.46	25	25	10.93	11.14
Goodlass Nerolac Paints	233	Dec. 80	1361.85	1492.66	2099.26	2743.16	65.62	69.90	3.2	4	4.82	4.68
Excel Industries	234	Sept. 80	1507.75	1490.50	1517.83	1879.19	136.85	28.96	19	10	9.08	1.94
Anil Starch Products	235	Dec. 80	1252.09	1481.98	1652.07	2111.19	60.42	122.30	20	18	4.83	825
Reliance Jute & Industries	236	Mar. 81	1148.58	1477.59	2463.17	2487.68	144.03	56.43	22.5	16.5	12.54	3.81
Antifriction Bearings Corpn.	237	Mar. 81	1292.72*	1475.55	1001.65*	882.34	162.15*	95.15	17	17	12.54*	6.49
Caprihans India	238	Mar. 81	1382.47	1473.63	1941.84	2158.55	53.37	—9.88	12	Nil	3.86	—0.67
Mather and Platt (India)	239	June 81	1210.71	1454.90	1186.92	1433.62	86.08	109.35	17.5	18	7.11	7.52
Aruna Mills	240	Dec. 80	1302.40	1443.16	1704.22	1886.34	56.74	67.20	22	18	4.36	4.66
Mahindra Spicer	241	Jan. 81	1159.79	1436.10	825.96	1114.83	13.12	41.80	10	12	1.13	2.91
Piramal Spg & wvg Mills	242	June 81	1171.63	1404.33	1955.21	2594.59	62.84	57.75	15	15	5.36	4.11
New Gujarat Synthetics	243	Sept. 80	170.29	1397.90	358.92	3346.68	—57.32	146.29	Nil	8	—33.66	10.46
Hindustan Development Corp.	244	Dec. 80	1157.35	1381.56	2054.47	2766.19	112.51	144.84	12	20	9.72	10.48
International Computers Indian Mfrs	245	Sept. 80	1500.29	1376.97	884.27	1165.48	38.05	75.61	15	15	2.54	5.49
Suessen Textile Bearings	246	Sept. 80	999.93	1360.11	680.58	966.57	37.57	123.92	15	20	3.76	9.11

TOP 500 PRIVATE SECTOR COMPANIES

(Ranked According to Net Assets)

(Amounts in rupees lakhs)

	Rank according to net assets during the latest year	Latest Year ended	Net assets		Net sales		Net profit		Dividend (Per cent)		Net profit as per cent of net assets	
			Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year
Elgin Mills Co.	247	Mar. 81*	851.37	1355.60	2660.46	2947·61	155.37	—65.79	15	Nil	18.25	—4.85
New Great Eastern Spg. & Wvg. Co.	248	Dec. 80	1234.94	1348.41	1636.78	1838.37	31.95	1.15	12	10	2.59	0.09
W. S. Insulators of India	249	Sept. 80	1034.76	1334.58	895.72	1208.20	88.59	85.70	15	15	8.56	6.42
Gannon Dunkerley	250	Mar. 81	1074.82	1323.54	1693.86	2149.70	19.45	22.49	10	10	1.81	1.70
Jayshree Chemicals	251	Mar. 81	1113.87	1316.93	524.62	600.77	73.77	66.57	10	12.5	6.62	5.05
Hindustan Dorr-Oliver	252	Nov. 80	1444.71	1309.64	1791.99	1708.97	53.99	67.96	55	55	3.74	5.19
Hindustan Ferodo	253	Dec. 80	1192.20	1300.59	1757.72	1831.08	81.27	94.47	27	28	6.82	7.26
Podar Mills	254	Dec. 80	1167.41	1286.96	2082.24	2224.45	99.87	—64.35	Nil	Nil	8.55	—5.00
Enfield India	255	June 81	1142.36	1286.63	1972.20	2739.48	70.41	131.36	Nil	Nil	6.16	10.21
Bharat General & Textile Ind.	256	Mar. 81	848.62	1284.28	1871.14	4276.84	27.36	52.51	Nil	0.5	3.22	4.09
Oriental Carpet Mfg (India)	257	June 81*	1283.82	1271.26	1420.96	2255.38	16.09	9.14	13	13	1.25	0.72
Raptakos Brett & Co.	258	Dec. 80	794.99	1259.07	1327.73	1533.68	22.58	27.38	15	15	2.84	2.21
Pudumjee Pulp & Paper Mills	259	Dec. 80	1007.00	1245.16	924.15	1083.74	90.95	67.18	10	10	9.03	5.40
Garware Paints	260	June 81	902.83	1236.14	1619.12	1941.86	38.12	38.34	16	12	4.22	3.10
Hico Products	261	Dec. 80	1662.04	1235.20	1295.58	1542.57	107.79	86.24	16	16	6.49	6.98
Usha Alloys & Steel	262	May 81	680.22	1235.19	1422.34	2120.25	98.69	149.06	10	20	14.51	12.07
German Remedies	263	Dec. 80	1046.17	1229.34	1590.29	1813.96	81.75	68.19	14	14	7.81	5.55
Rustom Mills & Industries	264	June 81	1044.15	1222.04	1483.43	1758.15	61.59	31.60	16	16	5.90	2.59
India Carbon	265	June 81	764.78	1221.77	745.64	1194.90	28.64	22.34	18	20	3.74	1.83
Raipur Mfg Co.	266	Dec. 80	1145.64	1204.88	1599.62	1735.76	39.97	54.60	20	20	3.49	4.53
Sylvania & Laxman	267	Sept. 80	1100.59	1200.62	970.16	1315.42	54.21	140.84	Nil	Nil	4.93	11.73
National Insulated Cable of India	268	April 81	885.28	1192.94	1248.09	1524.48	72.16	50.49	10	12	8.15	4.23
Ranbaxy Laboratories	269	Dec. 80	913.04	1178.88	1203.93	1567.55	61.67	52.38	12	10	6.75	4.44
Bowreah Cotton Mills Co.	270	Dec. 80	959.11	1164.98	1492.60	2077.21	61.90	54.70	17	15	6.45	4.70
Ahmedabad New Cotton Mills	271	Dec. 80	909.01	1161.18	1461.11	1653.58	41.42	75.14	22	19	4.56	6.47
Mindia Chemicals.	272	Dec. 80	1171.35	1155.38	706.89	918.07	—25.67	—29.67	Nil	Nil	—2.19	—2.57
United Breweries	273	Mar. 81	897.12	1146.46	1119.44	1393.92	106.88	124.44	7.5	7.5	11.91	10.85
Indian Steel & Wire Products	274	Mar. 81	898.42	1146.19	2396.82	1473.13	136.84	86.30	25	25	15.23	7.85
Anglo French Textiles	275	Dec. 80	999.92	1139.36	1970.04	2478.99	84.87	35.94	15	15	8.49	3.15
DLF Universal	276	Sept. 80	1046.92	1137.97	588.57	890.75	71.57	148.25	Nil	Nil	6.84	13.03
BASF	277	Dec. 80	1029.42	1132.80	1519.02	1629.57	129.52	77.97	20	20	12.58	6.88
New India Industries	278	Dec. 80	1052.21	1128.06	1581.23	1781.52	38.58	46.24	16	16	3.67	4.10
Rohit Mills.	279	Dec. 80	999.74	1124.56	1634.58	1813.13	14.42	1.83	14	19	1.44	0.16
Reckitt & Colman of India	280	Dec. 80	890.76	1123.06	1465.76	1769.56	71.48	101.33	16	18	8.02	9.02
Carbon Corporation.	281	June 81	808.02	1121.30	912.24	1015.56	109.59	62.72	12	12	13.56	5.59
Atlas Copco (India)	282	Dec. 80	855.11	1119.58	1419.33	1771.99	92.10	125.28	11	12	10.77	11.19
Doom Dooma India	283	Dec. 80	1185.60	1118.82	752.56	743.55	62.66	51.21	20	20	5.29	4.58
Garware Shipping Corpn.	284	Sept. 80	1023.09	1118.23	371.14	619.25	10.13	62.48	Nil	Nil	0.99	5.59
Saraspur Mills	285	Dec. 80	942.94	1110·42	1593.03	1789.30	51.50	64.19	22	19	5.46	5.78
Hindustan Wire	286	Mar. 81	945.46	1104.96	1776.99	2310.15	18.13	21.01	8	10	1.92	1.90
ASEA	287	Dec. 80	785.34	1402.16	786.69	1142.37	24.74	31.12	15	15	3.15	2.82
Fibreglass Pilkington	288	Mar. 81	1010.25	1085.96	805.05	931.76	48.01	58.70	16	16	4.75	5.41
Aditya Mills	289	Dec. 80	1038.07	1085.16	1420.81	1413.44	42.65	34.38	15	Nil	4.11	3.17
Travancore Electro-Chemical Industries	290	June 81	914.68£	1074.94	1137.17£	1074.52	84.76£	83.79	22.5	16	9.27£	7.79
ILAC	291	Dec. 80	908.24	1072.90	3422.86	4038.34	12.88	7.20	Nil	Nil	1.42	0.67
Kothari Sugars & Industries	292	June 81	848.80	1067.83	872.18	1130.25	—36.19	22.37	Nil	Nil	—4.26	2.09
Jardine Henderson	293	Mar. 81	1024.84	1061.01	941.05	901.70	—38.76	—33.44	Nil	Nil	—3.78	—3.15
Boots Co. (India)	294	Dec. 80	939.19	1060.43	1535.71	1827.61	69.70	70.01	20	20	7.42	6.60
Albright, Morarji and Pandit	295	Oct. 80	951.41	1056.28	1446.76	1188.14	127.46	43.13	16	8	13.40	4.08
Ennore Foundries	296	Dec. 80	817.05	1049.19	1348.01	1653.24	110.45	145.89	22	22	13.52	13.90
Standard Batteries	297	June 81	1077.13	1048.69	1659.74	1998.57	19.60	19.58	10	12	1.82	1.87
Stretch Fibres (India)	298	Mar. 81	966.94	1041.58	173.07	624.29	—30.97	—29.27	Nil	Nil	—3.20	—2.81

TOP 500 PRIVATE SECTOR COMPANIES

(Ranked According to Net Assets)

(Amounts in rupees lakhs)

	Rank according to net assets during the latest year	Latest Year ended	Net assets		Net sales		Net profit		Dividend (Per cent)		Net profit as per cent of net assets	
			Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year
Shalimar Paints	299	Dec. 80	866.20	1040.98	1457.32	1642.24	41.44	36.26	15	15	4.78	3.48
Richardson Hindustan	300	June 81	942.92	1040.40	1428.20	1663.47	54.01	54.44	20	20	5.73	5.23
Davangere Cotton Mills	301	Mar. 81	819.28	1035.23	1619.46	1794.62	24.89	25.39	15	15	3.04	2.45
Nuddea Mills Co.	302	Dec. 80	879.60	1032.04	1330.77	1810.19	124.46	4.34	Nil	Nil	14.15	0.42
Modern Mills	303	Mar. 81	877.38	1015.04	2041.77	2389.48	68.37	6.33	Nil	Nil	7.79	0.53
Paper & Pulp Conversions	304	July 81	826.74	1002.36	729.82	746.11	27.78	20.89	12	12	3.36	2.08
J. K. Chemicals	305	April 81**	804.56	1002.32	931.91	1332.71	—58.04	—83.37	Nil	Nil	—7.21	—8.32
Nutan Mills	306	Dec. 80	888.26	999.05	1416.64	1481.28	62.85	50.04	25	19	7.08	5.01
Banarhat Tea Co.	307	Dec. 80	812.16	988.89	772.17	642.66	27.82	—13.83	22.5	Nil	3.43	—1.40
Phoenix Mills	308	Mar. 81	856.57	973.73	1040.15	1580.82	—168.10	—39.85	Nil	Nil	—19.62	—4.09
Aruna Sugars	309	Sept. 80	1034.27	972.20	926.71	906.02	—82.16	—57.68	Nil	Nil	—7.94	—5.93
Camphor & Allied Products	310	Dec. 80	866.12	966.63	575.60	816.37	20.23	33.08	15	15	2.34	3.42
United Carbon India	311	Dec. 80	665.54	965.90	4.76	1662.17	—91.08	170.51	Nil	12	—13.69	17.65
Raja Bahadur Motilal Poona Mills	312	Dec. 80	693.31	949.32	1319.09	1375.13	27.85	38.76	15	15	4.02	4.08
Fort William Co.	313	Mar. 81	893.48	948.98	1740.13	1794.61	163.02	52.44	Nil	Nil	18.25	5.52
JG Glass Industries	314	Mar. 81	790.70	943.50	432.31	610.63	6.03	12.78	Nil	Nil	0.76	1.35
Industrial Agricultural Engg. Co. (Bombay)	315	Sept. 80	915.58	939.92	665.37	821.27	—0.29	1.00	Nil	Nil	—0.03	0.11
Rathi Alloys & Steel	316	June 81	700.36	927.26	1336.26	1796.26	138.56	117.47	10	12	19.78	12.67
Citurgia Biochemicals	317	Mar. 81	954.11	922.33	425.60	475.95	—9.17	13.24	Nil	Nil	—0.96	1.44
Maharashtra Sugar Mills	318	Sept. 80	886.57	915.34	995.97	1170.82	13.75	11.53	4	10	1.55	1.26
Maheshwari Mills	319	Mar. 81	677.41	912.00	1296.97	1776.63	50.34	47.75	24	24	7.43	5.24
Cellulose Products of India	320	Mar. 81	864.81	909.18	897.81	973.98	40.83	32.41	16	16	4.72	3.56
Kasturi & Sons	321	June 81	777.20	903.51	1356.85	1616.12	41.34	38.12	20	20	5.32	4.22
Dawn Mills Co.	322	June 81	802.26	903.07	1259.17	1383.81	44.56	42.23	12	12	5.55	4.68
Punjab Con-Cast Steels	323	June 81	753.86	901.91	1379.70	1540.93	150.64	133.15	15	15	19.98	14.76
Electrosteel Castings	324	Sept 80	658.00	888.67	1009.41	1469.74	20.92	78.28	20	25	3.18	8.81
Gujchem Distillers India	325	Mar. 81	846.85	880.89	525.48	635.36	51.61	39.56	15	17	6.09	4.49
Unichem Laboratories	326	Sept. 80	667.70	853.34	1096.66	1353.55	17.55	15.13	15	15	2.63	1.77
Ruby Mills	327	Mar. 81	739.04	845.28	1154.58	1219.50	33.31	19.83	15	15	4.51	2.35
Victoria Mills	328	Dec. 80	667.31	844.49	1266.10	1507.95	73.70	83.47	25	25	11.04	9.88
Laxmi Starch	329	Mar. 81	730.09	843.20	913.27	1315.82	19.92	28.56	12	15	2.73	3.39
Fit Tight Nuts and Bolts	330	Sept. 80	799.58	842.61	912.60	933.33	28.10	66.54	17	19	4.76	7.90
Cibatul	331	Dec. 80	823.40	841.89	1040.37	1154.73	69.49	56.44	12	12	8.44	6.70
Electrical Mfg. Co.	332	May 81	650.43	820.95	1135.24	1637.14	4.87	21.63	8	12	0.75	2.63
IVP	333	Dec. 80	721.88	818.40	1731.62	1942.30	46.34	48.91	15	20	6.42	5.98
Killick Nixon	334	Nov. 80	773.38	816.41	874.32	1007.09	27.77	5.47	8	Nil	3.59	0.67
Indian Duplicator Co.	335	Oct. 80	704.32	808.64	873.39	865.42	35.00	17.18	16	16	4.97	2.12
Martin Burn	336	Sept. 80	835.27	808.02	240.67	212.13	—40.03	—28.25	Nil	Nil	—4.79	—3.50
Agarpara Co.	337	Mar. 81	658.78	807.52	1575.63	1398.40	143.84	—32.47	Nil	Nil	21.83	—4.02
Triveni Sheet Glass Works	338	June 81	682.37	805.58	551.23	609.37	28.45	29.55	10	10	4.17	3.67
Gillanders Arbuthnot & Co.	339	Mar. 81	750.48	799.48	842.27	916.31	29.69	1.79	10	10	3.96	0.22
V. I. P. Industries	340	Jully 81	652.71	798.73	941.62	1179.43	33.70	73.72	1	1.4	5.16	9.23
Rane (Madras)	341	May. 81	764.63	795.82	1005.06	1069.85	67.66	51.01	16	18	8.85	6.41
Vijaya Mills Co.	342	Dec. 80	616.73	790.28	1074.25	1178.65	44.32	1.63	12	12	7.19	0.21
Deepak Insulated Cable Corpn.	343	Mar. 81	547.72	783.74	1085.24	1236.40	10.83	34.11	14	15	1.98	4.35
Bally Jute Co.	344	Mar. 81	833.81	782.32	1893.90	1843.95	108.30	— 4.83	10	Nil	12.99	—0.62
Tungabhadra Industries	345	Sept. 80	842.15	780.88	3894.70	4184.68	19.19	30.58	11	15	2.28	3.92
Alfred Herbert (India)	346	Dec. 80	662.03	769.23	794.71	1161.97	30.19	44.83	10	12.5	4.56	5.83
Firth (India) Steel Co.	347	Mar. 81	724.47	767.11	533.03	744.65	28.01	46.85	Nil	Nil	3.87	6.11
Frick India	348	Mar. 81	823.05	766.41	527.91	631.55	23.36	19.84	15	16	2.84	2.59
Greaves International	349	June 81	861.97	763.66	1822.30	1301.66	3.14	35.74	Nil	Nil	0.36	4.68
Warner-Hindustan	350	Nov. 80	744.88	757.55	1356.09	1423.52	83.39	68.42	21.5	19	11.19	9.04
Rohit Pulp & Paper Mills	351	Mar. 81*	606.75	749.47	994.37	741.30	71.53	31.95	14	12	11.79	4.26

TOP 500 PRIVATE SECTOR COMPANIES

(Ranked According to Net Assets)

(Amounts in rupees lakhs)

	Rank according to net assets during the latest year	Latest Year ended	Net assets		Net sales		Net profit		Dividend (Per cent)		Net profit as per cent of net assets	
			Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year
Howrah Mills Co.	352	Mar. 81	696.91	742.55	1276.08	1153.97	313.92	3.09	Nil	Nil	45.04	0.42
Navsari Cotton & Silk Mills	353	Dec. 80	660.63	725.00	1192.05	1441.57	48.79	79.53	12	15	7.39	10.97
Bagalkot Udyog	354	June 81	416.20	722.58	261.14	624.65	—48.68	46.33	Nil	Nil	—11.70	6.41
Rasoi Vanaspati & Industries	355	Dec. 80	546.70	722.10	2274.21	2105.91	36.19	51.02	20	20	6.62	7.07
Bishnauth Tea Co.	356	Dec. 80	621.33	717.28	524.97	545.82	16.58	21.98	17	12	2.67	3.06
Remington Rand of India	357	Mar. 81	691.41	706.35	1079.50	1136.37	75.37	75.48	20	20	10.90	10.69
Shivaji Works	358	Dec. 80	503.50	701.36	682.32	929.10	38.69	58.96	15	16	7.68	8.41
Dhanalakshmi Mills	359	Mar. 81	662.23	700.17	916.53	1073.05	43.68	36.43	15	15	6.60	5.20
Thirumalai Chemicals	360	Dec. 80	660.13	696.79	676.47	788.31	150.40	145.77	15	15	22.78	20.92
Loyal Textile Mills	361	June 81	603.19	685.21	837.15	965.73	38.48	21.32	18	15	6.38	3.11
Gujarat Machinery Mfg.	362	Sept. 80	557.62	684.62	352.60	455.74	45.96	49.39	15	15	8.24	7.21
Indian Card Clothing Co.	363	Mar. 81	623.84	682.02	710.41	793.08	98.80	100.80	30.5	22	15.84	14.78
Textool Co.	364	April 81	612.45	673.75	724.41	988.68	15.14	31.48	10	12.5	2.47	4.67
Amines & Plasticizers	365	Sept. 80	509.57	671.01	1012.18	1134.55	68.28	48.08	8	15	13.40	7.17
Dishergarh Power Supply Co.	366	Mar. 81	581.88	662.40	1148.74	1374.09	22.56	24.27	15	15	3.88	3.66
Kusum Products	367	Mar. 81	574.63	661.98	1977.63	2292.58	19.37	—10.13	17.5	20	3.37	—1.53
Ion Exchange (India)	368	Dec. 80	529.40	661.04	719.46	875.51	29.15	35.43	18	20	5.51	5.36
Sri Chamundeswari Sugar	369	April 81	579.96	654.73	725.09	447.70	—36.28	40.58	Nil	Nil	—6.26	6.20
India Sugars and Refineries	370	Sept. 80	707.32	652.26	645.07	814.23	—66.36	19.88	Nil	Nil	—9.38	3.05
Facit Asia	371	Dec. 80	532.85	643.14	406.02	526.81	65.91	55.60	20	20	12.37	8.64
Aryodaya Spg. Wvg. & Co.	372	Mar. 81	610.50	642.19	1257.97	1286.41	22.64	—97.18	12	Nil	3.71	—15.13
Indian Linoleums	373	Mar. 81	539.84	634.64	875.41	1155.99	—20.68	—27.15	Nil	Nil	—3.83	—4.28
Saroja Mills	374	Mar. 81	516.00	632.82	637.28	716.12	76.50	48.83	15	15	14.83	7.72
Air Conditioning Corpn.	375	Mar. 81	602.10	626.05	485.13	591.46	0.82	5.41	10	10	0.14	0.86
Herbertsons	376	Mar. 81	486.10	618.46	1504.47	1898.39	34.95	58.67	10	10	7.19	9.49
India Photographic Co.	377	Oct. 80	1550.53	615.05	852.40	1010.37	27.07	48.26	16	25	1.75	7.85
Jam Shri Ranjitsinghji Spg. & Wvg. Mills Co.	378	Dec. 80	538.89	612.29	825.32	1117.57	30.09	22.10	15	10	5.58	3.61
Rydak Tea Syndicate	379	Dec. 80	526.91	610.47	332.57	284.91	15.45	—27.02	10	Nil	2.93	—4.43
Supreme Industries	380	June 81	499.47	605.37	865.40	1065.76	45.26	52.91	24	24	9.06	8.74
David Brown	381	Mar. 81	469.90	595.11	618.63	695.23	42.53	54.29	15	17	9.05	9.12
Cawnpore Sugar Works	382	Oct. 80	582.94	585.73	1104.03	1414.58	—56.91	85.33	Nil	Nil	—9.76	14.57
L. & T. McNeil	383	Dec. 80	539.87	583.83	368.17	380.80	44.93	23.48	15	13.5	8.32	4.02
Steel Complex	384	Mar. 81	541.66+	583.17	635.88+	1048.19	18.43+	3[illegible].11	Nil +	Nil	3.40+	5.51
Indian Plastics	385	Mar. 81	482.82	580.18	406.84	572.93	16.52	19.36	12	15	3.42	3.34
Peirce Leslie India	386	Sept. 80	499.11	579.32	871.24	1216.30	11.75	7.93	15	15	2.35	1.37
Adarsh Chemicals & Fertilizers	387	Dec. 80	493.47	573.01	515.00	550.80	55.22	13.52	15	10	11.19	2.36
Gujarat State Machine Tools Corpn.	388	Mar. 81	674.35	571.49	50.97	152.18	—85.53	—154.23	Nil	Nil	—12.68	—26.99
Borosil Glass Works	389	Dec. 80	549.66	558.14	656.07	808.94	58.73	72.81	18	20	10.68	13.05
Northbrook Jute Co.	390	Mar. 81	621.88	554.78	914.09	1126.22	40.86	—74.89	Nil	Nil	6.57	—13.50
Chase Bright Steel	391	Mar. 81	500.71	551.33	830.94	1002.47	26.83	19.27	10	10	5.36	3.50
EMC Steelal	392	May 81	507.84	549.77	530.99	721.62	10.73	15.03	5	5	2.11	2.73
Sri Krishnarajendra Mills	393	Mar. 81	464.78	548.06	872.47	1049.78	—0.75	— 0.19	5	Nil	—0.16	—0.03
Ahmedabad Shri Ramkrishna Mills Co.	394	Dec. 80	613.09	544.03	1081.79	1225.48	50.93	3.19	12.8	10.8	8.31	0.59
Raghuvanshi Mills	395	Mar. 81	493.90	542.05	929.18	1050.47	20.94	14.50	15	10	4.24	2.67
Maharashtra Scooters	396	June 81	430.54	541.20	703.75	1168.51	18.22	44.63	12	15	4.23	8.25
Balkrishna Paper Mills	397	Mar. 81	308.04	539.95	404.78	389.52	44.95	21.99	12	12	14.59	4.07
Falcon Tyres	398	Dec 80	286.33	535.66	374.47	795.69	— 2.63	82.82	Nil	Nil	—0.92	15.46
Dimakusi Tea Co.	399	Dec 80	493.05	533.75	315.58	344.93	14.69	8.26	20	12	2.98	1.55
S. S. Miranda	400	Dec 80	411.79	531.07	447.44	449.14	62.89	24.83	1	1	15.27	4.67
Mahendra Electricals	401	June 81	420.47£	530.92	322.21£	359.63	15.35£	58.39	6	6	3.65£	11.00
Shri Vivekanand Mills	402	Mar. 81	515.39	530.23	728.87	828.50	16.93	7.77	12.8	12.8	3.28	1.47
Anup Engg	403	Dec. 80	552.59	528.36	294.08	364.89	—45.58	—20.73	Nil	Nil	—8.25	—3.92

TOP 500 PRIVATE SECTOR COMPANIES

(Ranked According to Net Assets)

(Amounts in rupees lakhs)

	Rank according to net assets during the latest year	Latest Year ended	Net assets		Net sales		Net profit		Dividend (Per cent)		Net profit as per cent of net assets	
			Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year
Lakme	404	Mar. 81	414.11	527.07	513.55	828.55	13.08	32.16	12	12	3.16	6.10
Rajalakshmi Mills	405	Mar. 81	430.36	523.74	881.40	977.02	33.14	28.14	15	16	7.70	5.37
Kanknarrah Co.	406	June 81	514.84	519.20	1172.67	1011.22	188.81	57.23	Nil	Nil	36.67	11.02
Bells Controls	407	June 81	431.28	518.65	465.77	537.16	20.17	22.43	11	11	4.68	4.32
Modella Woollens	408	Dec. 80	439.99	514.78	679.57	808.87	10.02	14.51	7.5	Nil	2.28	2.82
Cheviot Company	409	Nov. 80	549.64	513.53	1121.26	1612.63	102.59	82.11	12	12.5	18.66	15.99
Pressure Cookers & Appliances	410	Sept. 80	439.49	501.87	724.32	941.73	39.76	48.96	20	22	9.05	9.76
Phipson & Co.	411	Dec. 80	339.75	485.64	1002.92	1556.37	17.11	15.31	Nil	Nil	5.04	3.15
Searle (India)	412	Dec. 80	358.14	464.28	461.06	644.23	41.88	59.34	20	22	11.69	12.78
Monogram Mills	413	Mar. 81	377.95	460.30	1016.80	998.57	5.41	—47.98	Nil	Nil	1.43	—10.42
Permanent Magnets	414	June 81£	307.66	459.12	416.44	662.70	13.22	12.04	15	12.5	4.30	2.62
Bombay Wire Ropes	415	Mar 81	472.67	452.04	771.73	637.22	1.43	1.04	5	5	0.30	0.23
Balrampur Chini Mills	416	June 81	372.44	451.80	612.33	461.87	0.64	22.45	Nil	10	0.17	4.97
Raza Textiles	417	Dec. 80	391.99	449.68	902.24	856.99	37.72	24.22	10	10	9.62	5.39
Somany Pilkington's	418	June 81	308.75	448.57	459.75	731.59	34.23	49.55	12.5	12.5	11.09	11.05
Ajit Mills	419	Mar. 81	366.94	448.19	746.44	776.27	17.71	4.77	15	15	4.83	1.06
Blow Plast	420	July 81	510.40	447.85	1228.23	1551.49	32.54	39.45	25	25	6.38	8.81
Ahmedabad Kaiser-I-Hind Mills Co.	421	Dec. 80	435.36	437.71	714.08	807.29	35.41	10.01	7.2	7.2	8.13	2.29
Engine Valves	422	Sept. 80	459.00£	430.51	524.98£	323.49	51.76£	40.15	16	16	11.28£	9.33
Corn Products Co. (India)	423	Sept. 80	283.53	428.84	532.43	680.91	13.92	9.29	12	8	4.91	2.17
Arunachal Plywood Industries	424	Mar. 81	396.60	426.73	192.79	228.35	2.73	6.01	5	5	0.69	1.41
Garware Wall-Ropes	425	Sept. 80	293.19	424.17	294.01	390.67	28.66	27.48	12	16	9.78	6.48
Mahindra Owen	426	Oct. 80	315.44	420.97	453.59	591.29	3.37	13.17	12.5	Nil	1.07	3.13
Kerala Spinners	427	Mar. 81	405.97	420.78	627.77	543.49	14.88	—51.04	10	Nil	3.67	—12.13
Elphinstone Spg. & Wvg. Mills Co.	428	Dec. 80	337.61	419.71	936.07	1127.57	86.30	23.93	Nil	Nil	25.47	5.70
Rajapalayam Mills	429	Mar. 81	359.37	418.66	758.07	896.03	35.78	34.38	20	15	9.96	8.31
Babcock & Wilkox of India	430	Mar. 81	282.37	418.01	255.02	298.73	9.95	25.42	20	20	3.52	6.08
UNI Abex Alloys Products	431	Sept. 80	368.69	415.37	134.54	205.66	—13.89	— 4.75	Nil	Nil	—3.77	—1.14
Stone Platt Electrical (India)	432	Dec. 80	392.40	413.97	650.52	780.00	8.10	24.36	5	7.5	2.06	5.88
JG Glass Works	433	June 81	341.90	411.47	232.33	469.72	—39.93	38.28	Nil	Nil	—11.68	9.30
Basanti Cotton Mills	434	Dec. 80	360.64	411.07	599.11	558.71	17.32	—26.15	Nil	Nil	4.80	—6.36
Tarun Commercial Mills	435	Dec. 80	385.33	403.34	933.63	930.55	16.57	—60.18	Nil	Nil	4.30	—14.92
Canara Steel	436	June 81	346.89	399.66	297.35	463.75	1.76	11.20	10	12	0.51	2.80
Scindia Workshop	437	June 80	333.40	392.85	485.88	608.09	1.90	9.97	Nil	10	0.57	2.54
Perla Karamalai Tea & Products Co.	438	Mar. 81	383.93	391.87	413.78	380.39	22.35	16.27	20	20	5.82	4.15
India Tyre & Rubber Co. (India)	439	Dec. 80	430.48	390.57	1072.07	944.06	0.73	—40.25	Nil	Nil	0.17	—10.31
Somaiya Organics (India)	440	Dec. 80	377.44	387.09	464.05	411.88	34.23	—7.67	Nil	Nil	9.07	—1.98
Tulsipur Sugar Co.	441	Jully 81	331.90	386.27	526.85	254.04	—8.12	—2.51	Nil	Nil	—2.45	—0.65
Nicholas Laboratories India	442	June 81	386.64	385.22	792.86	831.51	28.14	31.47	18	14	7.28	8.17
Madras Vanaspati	443	Mar. 81	261.07	381.69	956.57	1103.87	33.96	24.35	10	10	13.01	6.38
Mysore Wine Products	444	Mar. 81	223.71	381.63	587.52	1149.54	17.15	24.76	Nil	Nil	7.67	6.49
Cawnpore Textiles	445	Mar. 81	270.16	374.11	664.87	791.27	57.95	33.46	Nil	Nil	21.45	8.94
Borax Morarji	446	Mar. 81	216.02	368.33	520.27	725.10	22.77	27.16	20	22	10.54	7.37
South India Sugar	447	Oct. 80	488.14*	366.34	758.75*	693.06	—94.71*	20.43	Nil	Nil	—19.40*	5.58
Ravalgaon Sugar Farm	448	Sept. 80	391.78	364.02	582.44	593.13	—43.69	—77.52	Nil	Nil	—11.15	—21.30
Colour Cartons	449	Dec. 80	304.17	353.32	538.49	697.67	14.96	12.86	21	21	4.92	3.64
Yamuna Syndicate	450	June 81	281.34	351.00	1095.42	1522.82	12.15	10.82	20	20	4.32	3.08
Bengal National Textile Mills	451	Dec. 80	496.41	345.61	539.52	351.80	—18.80	—115.45	Nil	Nil	—3.79	—33.40
Podar Silks and Synthetics	452	Dec. 80	278.33	335.04	707.87	675.99	9.26	6.24	10	12	3.33	1.86
Phosphate Co.	453	June 81	331.03	334.83	519.19	595.70	7.54	10.71	15	15	2.28	3.20
Bundy Tubing of India	454	July 81	298.92	331.21	196.32	256.94	43.22	51.44	14	16	14.46	15.53

TOP 500 PRIVATE SECTOR COMPANIES

(Ranked According to Net Assets)

(Amounts in rupees lakhs)

	Rank according to net assets during the latest year	Latest Year ended	Net assets		Net sales		Net profit		Dividend (Per cent)		Net profit as per cent of net assets	
			Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year
Universal Steel & Alloys	455	April 81	301.61	328.85	605.49	900.36	44.74	32.90	Nil	18	14.83	10.00
Associated Stone Industries (Kotah)	456	Sept. 80	237.56	327.85	400.68	481.88	15.18	33.23	12	10	6.39	10.14
Kissan Products	457	Dec. 80	300.38	325.60	739.49	710.10	22.57	—12.93	10	Nil	7.51	— 3.97
Premier Auto Electric	458	June 81	235.58	309.49	877.32	1026.31	9.59	10.21	12	15	4.07	3.30
Champarun Sugar Co. $ $	459	Sept. 80	327.71	309.43	461.10	570.90	—40.32	5.09	Nil	Nil	—12.30	1.64
Mysore Electro Chemical Works. $ $	460	Mar 81	213.87	309.43	246.99	340.38	—48.02	—16.34	Nil	Nil	—22.45	— 5.28
Khatau Junker	461	Dec. 80	182.54	308.32	175.51	215.47	8.67	10.04	12	12	4.75	3.26
Porritts & Spencer (Asia)	462	Sept. 80	315.24	302.23	226.79	273.23	19.10	23.26	10	16	6.06	7.70
Modella Steels and Alloys	463	Oct. 80	226.89	301.69	399.71	417.83	32.27	49.42	7.5	10	14.22	16.38
Punjab United Pesticides & Chemical	464	Sept. 80	256.24	301.51	181.41	163.45	32.43	8.99	12	8	12.66	2.98
Omega Cables	465	Dec. 80	259.73	300.89	403.18	650.67	—1.42	31.01	Nil	Nil	—0.55	10.31
Bhopal Sugar Industries	466	Sept. 80	320.14	300.88	492.47	620.28	21.70	37.09	17.5	22.5	6.78	12.33
South East Footwear	467	Dec. 80	250.72	290.73	192.30	117.60	—21.94	—20.74	Nil	Nil	— 8.75	—7.13
Kar Valves	468	Sept. 80	220.61	289.90	192.26	274.14	28.83	33.20	7.5	10	13.07	11.45
EWAC Alloys	469	Dec. 80	229.29	287.65	314.49	402.85	44.03	50.69	40	40	19.20	17.62
Air Control & Chemical Engineeing Co.	470	Mar 81	321.91	287.36	171.27	316.35	—54.43	—40.12	Nil	Nil	—16.91	—13.96
Indabrator	471	Dec. 80	273.54	285.49	238.76	292.11	15.96	18.13	12	12	5.83	6.35
Trichi Steel Rolling Mills	472	Sept. 80	222.60	283.97	682.72	796.78	33.58	23.49	15	15	15.09	8.27
Leatherite Industries	473	Mar. 81	203.11	282.64	452.73	621.03	8.02	25.57	Nil	Nil	3.95	9.05
Ambika Silk Mills Co.	474	Dec. 80	301.29	267.47	634.92	592.44	15.29	11.01	Nil	Nil	5.07	4.12
Rajkumar Mills	475	Dec. 80	244.15	262.07	479.89	517.04	24.70	10.44	10	8	10.12	3.98
Mahalakshmi Fibres & Industries	476	Oct. 80	207.37	251.88	348.74	346.41	30.19	19.22	Nil	Nil	14.56	7.63
Jayant Paper Mills	477	June 81	97.88	249.45	414.91	455.32	21.72	21.83	20	20	22.19	8.75
Jyoti Switchgear	478	Dec. 80	202.21	247.20	303.96	455.26	4.36	7.33	12	14	2.16	2.97
Naga Hills Tea Co.	479	June 81 €	187.78	245.75	113.84	156.99	5.39	2.59	15	10	2.87	1.05
MWP	480	Mar. 81	77.58	243.97	177.37	649.17	8.57	32.97	Nil	Nil	11.05	13.51
Punjab Breweries	481	Sept. 80	235.20	242.35	143.26	263.53	—19.06	—1.56	Nil	Nil	—8.10	—0.64
Ganges Rope Co.	482	Dec. 80	156.53	237.02	204.93	243.43	14.43	—14.85	Nil	Nil	9.22	—6.27
Rajgarh Tea Co.	483	Dec. 80	197.75	236.60	162.48	189.24	11.67	16.09	30	30	5.90	6.80
Amrutanjan	484	Mar 81	185.71	234.25	408.45	565.40	4.26	13.10	30	30	2.29	5.59
Kalyani Breweries	485	Mar. 81	184.93	233.98	186.58	290.11	10.08	16.29	Nil	Nil	5.45	6.96
Bharat Suryodaya Mills Co.	486	Dec. 80	252.49	232.25	671.75	686.36	33.13	13.28	12	12	13.12	5.72
G. G. Dandekar Machine Works	487	June 81	183.59	230.28	242.23	278.60	11.48	15.65	15	18	6.25	6.80
Bombay Potteries	488	Sept. 80	191.26	218.22	196.37	319.32	1.09	22.64	Nil	Nil	0.57	10.37
Midland Rubber & Poduce Co.	489	Mar. 81	221.63	218.09	266.10	214.95	13.88	—6.50	20	Nil	6.26	—2.98
Monotype India	490	Sept. 80	185.52	216.34	197.49	249.96	8.79	12.41	15	15	4.74	5.74
Bajaj Plastics	491	Dec. 80	138.70	210.85	339.35	323.48	31.33	8.51	15	15	22.59	4.04
Kasthuri Mills	492	Mar. 81	170.26	201.37	340.66	448.98	20.91	18.52	14	18	12.28	8.80
Dewrance Macneill & Co.	493	Dec. 80	177.75	210.21	261.26	360.62	3.85	6.16	5	7.5	2.17	2.93
Bojaraj Textile Mills	494	Sept. 80	202.05	206.35	354.46	367.77	13.13	9.52	20	15	6.50	4.61
Bradma of India	495	Dec. 80	180.42	204.79	279.21	327.96	10.25	8.04	15	10	5.68	3.93
East India Carpet Co.	496	Mar. 81	192.54	199.58	259.70	272.31	3.33	5.72	2	2	1.73	2.87
United Nigiri Tea Estate Co.	497	Mar. 81	187.24	197.22	169.88	166.42	19.86	14.98	12.5	12.5	10.61	7.60
Vardhalakshmi Mills	498	Sept. 80	193.46	196.37	340.41	412.97	8.36	4.58	12	12.5	4.32	2.33
Calcutta Steel Co.	499	Mar. 81	199.18	194.11	153.62	381.78	—2.23	16.17	Nil	7.5	—1.12	8.33
Travancore Cements	500	Dec. 80	160.00	184.95	326.20	423.56	15.05	22.03	15	15	9.41	11.91
Maltex Malsters	501	Nov. 80	110.02	184.22	137.70	163.01	4.11	4.03	10	10	3.74	2.19
Indian National Diesel Engine Co.	502	Sept. 80	192.76	180.81	346.43	317.29	5.38	8.39	Nil	Nil	2.79	4.64
TAK Machinery	503	June 81	205.79	177.23	127.11	150.74	—11.34	7.27	Nil	9	—5.51	4.10
Rajagiri Rubber & Produce Co	504	June 81	171.39	176.63	107.37	144.81	15.27	24.74	15	15	8.91	14.01

TOP 500 PRIVATE SECTOR COMPANIES

(Ranked According to Net Assets)

(Amounts in rupees lakhs)

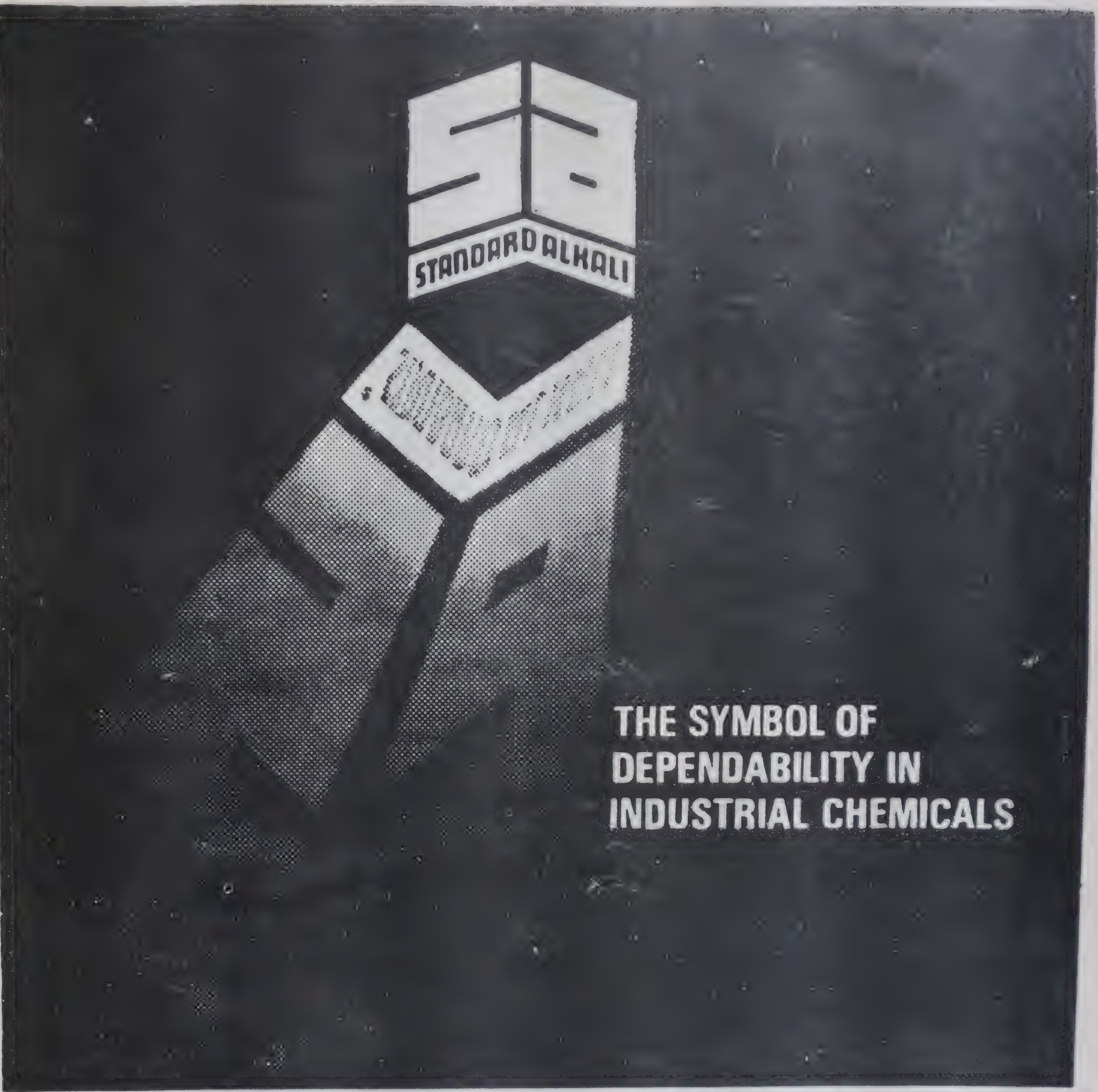
	Rank according to net assets during the latest year	Latest Year ended	Net assets		Net sales		Net profit		Dividend (Per cent)		Net profit as per cent of net assets	
			Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year	Previous Year	Latest Year
Neelamalai Tea & Coffee Estate and Industries.	505	June 81	177.22	176.34	141.83	146.30	7.81	—11.21	10	Nil	4.41	— 6.36
Escorts Transmission	506	Dec. 80	166.64	176.29	204.19	201.15	39.71	30.17	24	24	35.83	17.11
Midnapur Commercial Co.	507	Mar. 81*	152.81	171.77	290.55	245.52	5.38	9.25	4	4	3.52	5.39
Indian Textile Paper Tube Co.	508	Sept. 80	118.15	169.58	254.07	344.00	8.64	8.41	20	10	7.31	4.96
Nelliampathy Tea and Produce Co.	509	June 81	228.88	169.15	181.91	130.78	14.85	—19.81	15	Nil	6.49	—11.71
Poona Industrial Hotel	510	June 81	140.55	168.66	114.47	155.90	21.53	10.41	12	12	15.32	6.17
Ayyappan Textile	511	Sept. 80	150.27	166.48	202.36	239.46	8.52	7.64	25	25	5.67	4.59
Pullangode Rubber & Produce Co.	512	Mar. 81	127.88	162.79	77.51	112.94	3.97	11.76	25	30	3.10	7.22
Khatau Dyes and Fibres	513	June 81	149.43	154.03	870.39	1019.38	5.13	4.90	Nil	Nil	3.43	3.18
Periyar Chemicals	514	June 81	125.59	150.66	162.43	147.10	1.10	4.32	10	10	0.88	2.87
Dhunseri Tea Industries	515	Dec. 80	136.23	149.68	68.12	109.55	4.89	4.57	15	15	1.39	3.05
Landale & Clark	516	Dec. 80	112.11	147.97	472.51	600.49	3.42	1.74	Nil	Nil	3.05	1.18
Jamshedpur Engg & Machine Mfg. Co.	517	Mar. 81	128.72	146.02	106.32	116.24	3.78	—2.02	Nil	Nil	2.94	—1.38
Muller & Phipps (India)	518	Dec. 80	113.74	140.96	434.13	260.85	5.70	—11.49	8	Nil	5.01	—8.15
Varma Industries	519	Dec. 80	116.41	138.24	224.38	224.82	0.10	—2.70	Nil	Nil	0.09	—1.95
Snail Spanners (India) & Tools	520	Sept. 80*	102.80	125.40	106.53	102.72	1.42	4.76	Nil	Nil	1.38	3.80
Trichinopoly Mills	521	Dec. 80	107.15	121.95	275.52	313.33	20.12	20.57	15	16	18.78	16.87
Pratappur Sugar & Industries	522	Dec. 80+	137.03	120.93	215.64	238.65	—18.04	46.19	Nil	Nil	—13.16	38.20
Jutlibari Tea Co.	523	Mar. 81	122.00	120.85	135.39	125.91	17.18	8.93	30	20	14.08	7.39
ABC India	524	Sept. 80	78.68	120.08	685.01	829.17	0.05	8.18	12	12	0.06	6.81
J. K. Helene Curtis	525	Mar. 81*	78.17	119.99	176.46	255.12	4.35	—0.51	20	15	5.56	—0.42
Rathi Gases	526	Dec. 80	66.43	118.62	124.71	162.79	7.27	51.97	Nil	8	10.94	43.81
Shree Laxmi Traders	527	Dec. 80	151.60	118.30	431.40	506.60	4.18	—4.47	Nil	Nil	2.76	—3.78
Trinity Textiles	528	Mar. 81	87.78	111.54	100.16	160.62	0.49	0.19	Nil	Nil	0.56	0.17
Indian Bright Steel Co.	529	Mar. 81	120.94	110.85	61.20	112.82	—2.47	1.82	Nil	Nil	—2.04	1.64
Kil Kotagiri Tea & Coffee Estates Co.	530	Mar. 81	119.91	105.55	90.21	104.20	9.19	7.76	20	15	7.66	7.35
Sathe Biscuits & Chocolate Co.	531	Mar. 81	102.98	100.68	233.27	256.92	1.23	—14.48	10	Nil	1.19	—14.38
Gannon Pressure Vessels	532	Dec. 80	49.52	73.26	137.12	112.15	3.85	—9.00	Nil	Nil	7.77	—12.28
Barium Chemicals	533	Sept. 80*	41.11	70.49	50.09	107.94	3.70	30.29	Nil	Nil	9.00	42.97
English Indian Clays	534	Mar. 81	54.01	63.00	74.23	101.38	8.14	16.04	Nil	Nil	15.07	25.46
Rajindra Dyeing and Printing Mills	535	Dec. 80	65.39	62.53	115.14	121.06	4.82	1.89	Nil	Nil	7.37	3.02
Aryan Brush Co.	536	Mar. 81	53.95	54.77	100.00	112.23	1.86	2.47	12	12	3.45	4.51
John Fleming and Co.	537	Dec. 80	44.67	51.53	122.89	114.45	—2.15	2.55	10	10	—4.81	4.95
Gujarat Nets	538	Dec. 80	62.52	40.95	180.14	125.90	3.14	—0.84	Nil	Nil	5.02	—2.05
Rustom Processors	539	May 81	12.89	33.87	41.34	125.88	0.44	0.18	Nil	Nil	3.41	0.53
Canara Public Conveyance	540	Mar. 81	30.16	30.75	97.26	107.02	5.71	1.89	12.5	12.5	18.93	6.15
Rustom Dinesh Exports and Marketing	541	April 81	57.44	28.98	104.07	106.73	—1.18	—13.72	Nil	Nil	—2.05	—47.34
Piramal Exports	542	Mar. 81	9.59	13.08	72.40	155.33	1.20	0.88	Nil	Nil	12.51	6.73
Total 540 Companies$			1255988.44	1476011.68	1495358.57	1794228.64	61867.00	63758.15	—	—	4.93	4.32

Notes :

$ = The totals do not include the figures of Binny and Zuari Agro as their annual accounts for the latest year were not available.

$ $ = Mysore Electro-Chemical Works and Champarun Sugar Co. were ranked according to their assets before rounding off. The net assets of Mysore Electro-Chemical Works amounted to Rs. 3,09,43,212 and those of Champarun Sugar Co. Rs. 3,09,42,890.

@ = Figures are for 52 weeks.
# = ,, ,, ,, 53 weeks.
† = ,, ,, ,, 9 months
†† = ,, ,, ,, 14 ,,
* = ,, ,, ,, 15 ,,
** = ,, ,, ,, 16 ,,
ϕ = ,, ,, ,, 17 ,,
£ = ,, ,, ,, 18 ,,
.. = Not Applicable.



STANDARD ALKALI

Products on tap from Standard Alkali—Hydrochloric Acid, Caustic Soda, Caustic Potash, Potassium Carbonate, Chlorine, Carbon Tetrachloride and Chloroform.

For over a decade, Standard Alkali's products have been known for their superior quality and competitive prices.

Our customer list includes just about every important name in the industry today.

Coming to think of it, Standard Alkali has become synonymous with dependability.

STANDARD ALKALI

Chemicals Division, The Standard Mills Co. Ltd.,
Mafatlal Centre, Nariman Point, Bombay-400 021.
Tel: 231823—Telex: MGMC IN 11 4240-4241—Telegram: Standchlo

PRESSMAN

INDIAN DYESTUFF INDUSTRIES LTD.

IDI

MAFATLAL CENTRE, NARIMAN POINT, BOMBAY - 400 021
Phone . 23 46 43 Cable : NAVICET Telex : 11 3089 IDI IN

MANUFACTURERS OF

NAVINON VAT DYES
NAVIDON INDIGOID VAT DYES
NAVICET DISPERSE DYES FOR ACETATE/NYLON
NAVILENE DISPERSE DYES FOR POLYESTER
NAVICTIVE REACTIVE DYES
NAVIFAST PIGMENT POWDERS
NAVITEX PIGMENT EMULSIONS
DYE INTERMEDIATES
ALUMINIUM CHLORIDE ANHYDROUS
HYDROSULPHITE CONC. BT

The Industrial Credit & Investment Corporation of India Limited

Chairman's Statement

Shri Siddharth S. Mehta

As we look back, 1981 appears as a year of restoration of confidence in our capability for tackling serious problems. The approach of policy-makers appears to have become more pragmatic and various policy measures taken by the authorities are indicative of a desire to improve the business environment. Business and industry also seem to evince optimism in viewing the future prospects of industrial growth, although the immediate situation poses several problems. The present rapport between policy-makers on the one hand and industry on the other, augurs well for the 1980s, which would pose several challenges.

Present Problems and Changing Environment

The immediate concern of certain industries is not the supply problems but those arising from weak market for products and inadequacy of financial resources. The persistence of inflation has led to consumer resistance and a slackening of demand. At the same time manufacturing costs have been pushed up due to an increase in input prices and wages.

At present, when industry is faced with these problems, economic strengths and opportunities are likely to be underrated. The continuance of a tight credit situation and impaired liquidity of several corporate units as well as appropriation of a sizeable portion of pre-tax profits by way of interest charges due to the high cost of funds have accentuated the present difficulties. For many corporate units, judged under the shadow of their present problems, the future prospects might thus appear uncertain and somewhat discouraging.

To an extent, some of the problems are attributable to external factors. The recessionary conditions in the world economy, for instance, have affected exports from India. Indian industry would also have to be more competitive both in terms of quality and costs. The process of adjustment to this situation will call for a certain degree of introspection, coordinated action by industry and policy-makers and consolidation of the economic strengths so that the emerging situation could be dealt with effectively.

The positive developments of the past few years would seem to reassure that not only is the Indian economy capable of readjustment but also a combination of factors, including pragmatic government policies, constitute the most favourable set of circumstances.

The administered price of coal and power tariffs have been revised so as to improve commercial viability of current operations in these key areas of the economy and also to generate surpluses for investment. These changes, when accompanied by suitable strengthening of organisation and management, have improved the performance quite sizeably. Likewise, better planning and implementation of projects would go a long way in reducing the gestation lags in respect of capacities under implementation in core sectors.

The Government is also adopting a more pragmatic attitude with regard to administered prices of other products such as cement, steel, aluminium, paper etc. As regards aluminium, the Government has not only revised the price but also lowered the excise duty. This positive use of excise duty which is potentially an important instrument for the revival of the market, is a welcome sign. As regards cement the adoption of dual pricing and permitting the sale of a portion of output in the open market would improve profitability in the cement industry considerably. These measures have reassured industry and tended to improve the investment climate.

There are also some other important features of investment currently being made in the private sector, which may be mentioned. Escalation in capital costs of projects and their increasing economic size have considerably enhanced the size of investment. New investment, therefore, requires stronger support from promoters than in the past. Relative paucity of resources, high cost of projects and high cost of domestic and foreign funds have necessitated a certain degree of selectivity with regard to industrial investment if viability is to be ensured. The aspect of selectivity is relevant both in macro terms and in respect of individual projects. Efficiency of management at the project level has become a more important factor than in the past for ensuring returns in competitive markets. While a significant proportion of new investment is still being made by new entrepreneurs, an important segment of investment in many key industrial areas is being made by way of expansion or diversification of existing companies. A sizeable amount of investment has taken place in the recent past by way of modernisation or replacement in a large number of industries.

Need for Evolving Appropriate Response

All these features are likely to bring about speedier and more efficient implementation of projects than in the past and would also improve the prospects of sustaining satisfactory rate of growth of industrial output in the medium term. Change in policies and the improvement it brings about in investment climate, it should be recognised, is merely in the nature of an initial step. The regulatory framework of government policies and the environment created by sheltered markets can change only in stages. However, the process needs to be pursued in a manner that it forms part of a long term policy.

In order to step up the rate of growth, additional investment would be required in all the sectors of the economy. Thus the most serious problem confronting the economy would perhaps be the mobilisation of investible resources particularly in view of the shrinkage in bilateral and multilateral 'development aid'.

Steps taken by the 1982-83 Union Budget for encouraging personal savings as also pragmatic policies towards administered prices adopted by the Government recently, are welcome. Nonetheless, the needs of the private corporate sector and public sector enterprises for external funds, both in the form of loan and equity, would rise if the levels of investment contemplated in the Sixth Five Year Plan are to be reached even partially.

The term-lending institutions would have to play an important role in fulfilment of industrial investment targets. For this purpose, it is essential that the resource requirement of term-lending institutions is given due priority. As regards terms of assistance by them, a greater degree of flexibility, particularly in the matter of interest rates, needs to be seriously considered.

The corporate sector, especially the established companies, would have to be encouraged to tap the capital market directly. It is in this context that the revisions made in the recent past in the interest rate on debentures are to be welcomed. In order to enable industry to raise much larger amounts required by it, a fresh look at the interest rate structure is called for with a view to rationalise it so that the yield on different securities reflect risk and uncertainty associated with the return from them. Flexible coupon rates with regard to securities offered by the corporate sector to the public, issue of securities such as convertible debentures on attractive terms and education of investors are some of the measures which, as the recent experience has shown, have evoked good response from individual savers. Steps also need to be taken for developing a secondary market for securities.

One problem which is assuming serious proportions is strains on liquidity of several companies. Unless, therefore, a flexible attitude is adopted in formulation and implementation of policies in this regard, unavailability of working capital funds might inhibit overall growth and impair operations of particularly new and weak units and also hinder solutions for rehabilitation of some of them.

Role of Exports and Overseas Borrowing

Some of the established companies may also be able to raise resources from overseas sources. However, this option is not open to all companies. Ability of a corporate unit to use and service the high cost foreign commercial funds would be an important consideration. On the part of the Government, the debt servicing burden of a foreign commercial borrowing is an important factor. The foreign exchange impact of a particular borrowing, however, should be viewed from a proper perspective and must also take into account indirect foreign exchange earnings. A careful evaluation of all these factors requires a comprehensive appraisal of each proposal and the use of high cost funds from overseas in a selective manner though not necessarily on a conservative basis.

Exports of industrial manufactures and import substitution in areas where large domestic capacity exists have to be seen as a means of overcoming foreign exchange constraints. The present policy emphasis on exports and the tax incentives recently announced are therefore well-conceived. Exports on a profitable basis would seem to be an essential element of a strategy for augmenting investible resources.

A systematic planning of strategy for growth of exports would require identification of sectors in which the country has cost advantage, or is in a position to develop it, and taking steps for improving export profitability through suitable fiscal and other incentives. Established companies and those with a reasonably large scale of operations are often better placed to provide the requisite marketing, organisational and management support to the export effort. It would be necessary to support production and investment effort in these areas, through, *inter alia*, preferential provision of finance to those manufacturers who can generate surpluses. These steps need to be taken in right earnest.

Another important element of the export strategy is the choice of technology. Decisions regarding its source, indigenous or imported, must be taken bearing in mind the higher degree of competition in export markets and more rigorous quality standards. These aspects of technology are relevant not only for export sector but also for import substitution industries where the overall thrust of policy is likely to be on attaining higher levels of productivity.

In the past, uncertainty of infrastructural inputs was one of the important elements which made long term planning of production and exports a very difficult exercise. Periodical infrastructural failures and resultant constraint on production have led to recurrent shortages in the past and thereby also created domestic market pulls for manufacturers who could have been otherwise motivated to explore world markets and pursue exports. The climate of uncertainty has also acted as a deterrent to exports due to the fear of non-fulfilment of orders and of the failure to comply with predetermined delivery schedules. Performance of infrastructure sector during the last year has demonstrated that given the right kind of motivations and policies and by overcoming the management deficiency it is possible to improve the performance considerably.

Future Outlook

Despite some of the problems facing the country, the overall environment is conducive for taking bold steps. While the difficulties cannot be underrated, the problems should not overawe us. The approach of policy-makers is characterised by an openness of mind. It would be therefore rather disappointing if determined efforts are not made to break away from the restrictive policies and regulatory procedural framework of the past. A break from the past is needed now especially as the scene of activity has shifted to Asia since the mid 1970s. During the decade of the 1980s, it is now forecast that while the industrialised world would continue to be preoccupied by many problems culminating in a lower rate of growth than the past decade, the Asian continent is likely to turn out more impressive results than the western countries India has an opportunity to derive benefits from this situation. This would call for far-reaching changes in the framework of policies as well as in business practices.

N.B. This is an extract from the Chairman's Statement circulated to the shareholders with the Annual Report and Accounts for the year ended December 31, 1981.

Adroit 68

EUROPEAN ASIAN BANK

(INCORPORATED IN FEDERAL REPUBLIC OF GERMANY WITH LIMITED LIABILITY)

BALANCE SHEET OF BOMBAY BRANCH AS AT 31st DECEMBER, 1981

1980 Rs. P.	CAPITAL AND LIABILITIES	Rs. P.	1981 Rs. P.
	1. **Capital:**		
20.00.000.00	Nominal Value of Securities deposited with Reserve Bank of India under Section 11(2) of Banking Regulation Act, 1949.	20.00.000.00	
—	2. **Reserve Fund and other Reserves:**	—	
	3. **Deposits and other Accounts:**		
	Fixed Deposits:		
—	(i) From Banks	50.00.000.00	
2.60.000.00	(ii) From Others	3.08.26.000.00	
1.26.244.19	Savings Bank Deposits	12.73.766.76	
	Current Accounts, Contingency Accounts, etc.		
1.21.908.53	(i) From Banks	5.96.796.34	
28.198.64	(ii) From Others	1.89.34.742.41	
5.36.351.36			5.66.31.305.51
	4. **Borrowings from other Banking Companies, Agents etc:**		
10.00.000.00	(i) In India	25.00.000.00	
—	(ii) Out Side India	24.75.430.96	
10.00.000.00			49.75.430.96
	PARTICULARS:		
	Secured: 1980 —		
	1981 —		
	Unsecured: 1980 — 10.00.000.00		
	1981 — 49.75.430.96		
—	5. **Bills Payable:**		6.44.876.92
	6. **Bills for Collection being Bills Receivable as per contra:**		
—	(i) Payable in India	3.07.030.50	
—	(ii) Payable outside India	4.67.932.93	
			7.74.963.43
	7. **Other Liabilities:**		
1.46.01.139.27	(i) Head Office and Branches Outside India — net	1.97.09.633.23	
90.783.83	(ii) Others	23.34.873.44	
1.46.91.923.10			2.20.44.506.67
2.25.600.00	8. **Acceptances, Endorsements and Other Obligations per contra:**		29.37.704.00
—	9. **Profit and Loss Account:**	—	—
	10. **Contingent Liabilities:**		
—	(i) Claims against the Bank not acknowledged as debts	—	
—	(ii) Liability on account of outstanding Forward Exchange Contracts	13.97.79.544.81	
83.600.00	(iii) Liability on account of Guarantees and Warranty Contracts given on behalf of Customers ..	28.57.446.48	
—	(iv) Liability of Bills of Exchange Rediscounted	7.70.00.000.00	
1.64.53.874.46	Total ... Rs.		8.80.08.787.49

1980 Rs. P.	PROPERTY AND ASSETS	Rs. P.	1981 Rs.
	1. **Cash:**		
3.18.056.42	In hand and with Reserve Bank and State Bank of India (including Foreign Currency Notes)		17.00.341.3
	2. **Balances with other Banks:**		
	(A) On Current Account:		
5.98.640.54	(i) In India	35.14.003.34	
2.48.773.89	(ii) Outside India	11.52.907.86	
	(B) On Deposit Account:		
—	(i) In India	—	
—	(ii) Outside India	—	
8.47.414.43			46.66.911.2
—	3. **Money at Call and Short Notice:**		10.00.000.0
	4. **Investments:** At Cost:		
19.77.000.00	(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments	1.68.29.212.50	
—	(ii) Shares	—	
—	(iii) Debentures or Bonds	—	
—	(iv) Other Investments	—	
—	(v) Gold	—	
19.77.000.00			1.68.29.212.
	5. **Advances:** (Other than Bad and Doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	(I) Loans, Cash Credits, Overdrafts, etc.		
10.44.600.00	(i) In India	1.41.98.556.41	
—	(ii) Outside India	—	
	(II) Bills Discounted and Purchased (Excluding Treasury Bills of the Central and State Governments)		
—	(i) Payable in India	2.51.51.164.59	
—	(ii) Payable outside India	19.81.247.29	
10.44.600.00			4.13.30.968.
	6. **Bills Receivable being Bills for Collection as per contra:**		
—	(i) Payable in India	3.07.030.50	
—	(ii) Payable outside India	4.67.932.93	
			7.74.963.
2.25.600.00	7. **Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra:**		29.37.704.
	8. **Premises less Depreciation:**		
—	Cost as at 1st January 1981	—	
—	*Add:* Additions during the year .	35.13.865.11	
		35.13.865.11	
—	Less. Depreciation Written Off to date	40.281.06	34.73.584.
—	9. **Furniture and Fixtures, Equipments, Vehicles etc. — Less Depreciation:**		
2.75.835.80	Cost as at 1st January 1981	2.75.835.80	
	Add: Additions during the	35.59.864.18	
2.75.835.80		38.35.699.98	
27.258.72	*Less:* Depreciation Written Off to date	3.28.406.73	
2.48.577.08			35.07.293.
	10. **Other Assets:**		
21.990.00	(i) Discount accrued but not due on Treasury Bills	86.416.00	
1.885.20	(ii) Stamps and Stamped documents	5.233.60	
8.57.451.40	(iii) Interest Accrued	5.19.940.69	
47.340.07	(iv) Prepaid Expenses	11.27.782.29	
83.18.209.20	(v) Sundry Advances, Deposits etc.	66.90.694.87	
92.46.875.87			84.30.067.
—	11. **Non-banking assets acquired in Satisfaction of Claims**		—
25.45.750.66	12. **Profit and Loss Account**		33.57.741.
1.64.53.874.46	Total ... Rs.		8.80.08.787.

Bombay
16th February, 1982

Per Our Report Attached
For A. F. FERGUSON & CO.
Chartered Accountants

F. N. PAVRI
Partner

D. T. NEILSON
Chief Executive Officer (India)

B. KRISHNAN
Chief Accountant

EUROPEAN ASIAN BANK

(INCORPORATED IN FEDERAL REPUBLIC OF GERMANY WITH LIMITED LIABILITY)

PROFIT AND LOSS ACCOUNT OF BOMBAY BRANCH FOR THE YEAR ENDED 31st DECEMBER 1981

Previous Year Rs. P.	EXPENDITURE	Rs. P.	Previous Year Rs. P.	INCOME (Less provision made during the year for Bad and Doubtful Debts and other usual or necessary provisions)	Rs. P.
7,787.31	1. Interest paid on Deposits, Borrowings etc. ..	18,62,620.72	28,670.77	1. Interest and Discount	53,20,064.79
3,73,272.55	2. Salaries, Allowances, Provident Fund etc. ..	15,52,171.74	28,313.50	2. Commission, Exchange and Brokerage	9,35,494.46
—	3. Directors and Local Committee Members' Fees and Allowances	—	—	3. Rents	—
13,01,357.09	4. Rent, Taxes, Insurance, Lighting etc.	28,94,921.61	—	4. Net profit on Sale of Investments, gold and silver land, premises and other Assets (not credited to reserves or any particular Fund or Account)	—
—	5. Law Charges	—			
90,166.12	6. Postages, Telegrams and Stamps	1,90,123.43	—	5. Net profit on revaluation of investments, gold, silver, land, premises and other Assets (not credited to reserves or any particular Fund or Account) ..	—
9,000.00	7. Auditors' Fees	15,000.00	—	6. Income from non-banking Assets	—
27,258.72	8. Depreciation on and Repairs to the Banking Company's property	6,44,179.63	8,56,777.43	7. Other Receipts	10,07,021.80
86,499.70	9. Stationery, Printing, Advertisement, etc.	2,87,416.74	25,45,750.66	8. Loss	33,57,741.93
—	10. Loss from sale of or dealing with non-banking assets	—			
15,64,170.87	11. Other Expenditure (including proportion of Head Office expenses Rs 3,28,654.83; 1980—Rs 61,200)	31,73,889.11			
34,59,512.36	Total: Rs.	1,06,20,322.98	34,59,512.36	Total: Rs.	1,06,20,322.98

Notes:—

1. The previous year's figures are for the period 1st October 1980 to 31st December 1980, which is inclusive of expenses of Rs 17,45,150.67 pertaining to the pre-opening period (23rd October 1979 to 30th Septmber 1980)
2. Remuneration paid to the Chief Executive Officer in India:

	(1981)	(1980)
— Salary	1,71,600	42,900
— Estimated monetary value of benefits or perquisites on Income-Tax basis	64,904	12,738

3. Head Office administrative expenses are subject to sanction of the Reserve Bank of India.

Per our Report attached

For A. F. FERGUSON & CO.
Chartered Accountants

F. N. PAVRI
Partner

(D. T. NEILSON)
Chief Executive Officer (India)

(B. KRISHNAN)
Chief Accountant

Bombay, 16th February, 1982

Schedule of Particulars of Advances required by the Banking Regulation Act, 1949 (Act X of 1949) annexed to and forming part of the Balance Sheet as at 31st December 1981

1980 Rs. P.		1981 Rs. P.	1980 Rs. P.		1981 Rs. P.
10,44,600.00	(i) Debts considered good in respect of which the Banking Company is fully secured	2,00,59,241.56	44,600.00	(v) Debts due by the Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons	2,83,270.00
—	(ii) Debts considered good for which the Banking Company holds no other security than the debtor's personal security	1,51,184.62	—	(vi) Debts due by companies or firms in which the Directors of the Banking Company are interested as directors, partners or managing agents or in the case of private companies as members ..	
—	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	2,11,20,542.11	45,350.00	(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons ..	2,94,100.00
—	(iv) Debts considered doubtful or bad, not provided for	—	—	(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents or in the case of private companies as members	
			—	(ix) Due from Banking Companies	33,54,410.14
10,44,600.00		4,13,30,968.29	—		

(D. T. NEILSON)
Chief Executive Officer (India)

(B. KRISHNAN)
Chief Accountant

EUROPEAN ASIAN BANK

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1981

1. Other assets include rental advance of Rs 47,41,000 for permanent premises acquired in Bombay bearing interest at 17%. The lease agreementsperespect of it has not yet been finalised.
2. No provision has been made in respect of future payment of gratuity to staff since none of the employees have completed 5 years of service with the company.
3. Premises less depreciation includes the cost of 10 shares in Malabar Co-operative Housing Society and 10 shares in Rushilla Co-operative Housing Society.
4. Other expenditure includes Rs 39,090.00 representing payments to Auditors fo Taxation & other services rendered.
5. Remuneration to Chief Executive Officer in India includes perquisites of a estimated monetary value of Rs 25,358/- for which application has been made t Reserve Bank of India for necessary approval.

(D.T. NEILSON)
Chief Executive Officer (India)

(B. KRISHNAN)
Chief Accountant

AUDITORS' REPORT

Auditors' Report on the Bombay Branch of European Asian Bank under Section 30 of the Banking Regulation Act, 1949

We have audited the attached Balance Sheet of the Bombay Branch of European Asian Bank as at 31st December 1981 signed by us under reference to this report, and the relative Profit and Loss Account of the Bombay Branch of the Bank for the year ended on that date, with the books of account maintained and produced to us at Bombay.

In accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with the provisions of Sub-Sections (1), (2) and (5) of Section 211 and Sub-section (5) of Section 227 of the Companies Act, 1956, the Balanace Sheet and Profit and Loss Account, together with the notes thereon, are not required to be and are not drawn up in accordance with Schedule VI to the Companies Act, 1956. The accounts are, therefore, drawn up in conformity with Forms A and B of the Third Schedule to the Banking Regulation Act, 1949.

We report that subject to and read with the foregoing remarks and subject to Note 1 regarding lease agreement which is yet to be finalised:

(1) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit and have found them to be satisfactory;

(2) the transactions which have come to our notice have been, in our opinion, within the power of the Bombay Branch of European Asian Bank;

(3) in our opinion, proper books of account as required by law have been kept by the Branch so far as it appears from our examination of those books;

(4) the above mentioned Balance Sheet and Profit and Loss Account of the Bomba Branch of the Bank dealt with by this report are in agreement with the books o account;

(5) in our opinion and to the best of our information and according to the explanation given to us, the accounts together with the notes thereon give the informatio required by the Companies Act, 1956, in the manner so required for Bankin Companies, and on such basis give a true and fair view in the case of the Balanc Sheet, of the state of affairs of the Bombay Branch of the Bank as at 31s December, 1981 and in the case of the Profit and Loss Account, of the loss o the Bombay Branch for the year ended on that date.

For A. F. FERGUSON & CO.,
Chartered Accountants
F. N. PAVRI
Partner

Bombay: 16th February, 1982

LET COMMERCE TAKE YOU TO THE TOP

Commerce is the most sought after economic weekly because it has an established credibility with the top decision makers who need continuous authentic financial intelligence. Your advertisement in *Commerce* will, therefore, be seen by the key people in Industry, Business and Government. If it is a product you wish to sell or a corporate image you wish to project, *Commerce* is the most sharply focussed medium available to you.

For further details :

The Business Manager,
Commerce Publications Limited,
Manek Mahal, 6th Floor,
90, Veer Nariman Road, Churchgate,
Bombay-400 020.

Tel. No. : 25 35 05
Gram : ECREMMOC BOMBAY
Telex : CORE-011-6915

BUSINESS MANAGEMENT

	Rs. P.
ADVERTISING PRINCIPLES, PROBLEMS & CASES, by C. J. Dirksen, Arthur Kroeger & F. Nicosia	65.00
ADVERTISING THEORY AND PRACTICE, by Sandage & Fryhurger	65.00
THE ART OF PERSUASION FOR SALES MANAGERS, by N. C. Christensen	29.00
DEVELOPING YOUR "PEOPLE POTENTIAL", by King MacRury	29.00
EXECUTIVE SUCCESS, by William Koch, Jr.	38.00
LONG-RANGE PLANNING, by E. K. Warren	26.00
THE MAGIC POWER OF COMMAND SELLING, by N. C. Christensen	29.00
MANAGEMENT ACOUNTING PRINCIPLES, by Anthony & Reece	49.00
MANAGEMENT ACCOUNTING: TEXT CASES, by Anthony & Reece	49.00
MANAGEMENT CONTROL SYSTEMS: TEXT and CASES, by Anthony & Dearden	49.00
MATERIAL MANAGEMENT, by D. S. Ammer	65.00
MOTION AND TIMESTUDY, by B. W. Niebel	65.00
PERSONNEL MANAGEMENT, by M. J. Jucius	56.00
PREPARING TOMORROW'S BUSINESS LEADERS TODAY, by Drucker	38.00
PRINCIPLES OF MANAGEMENT, by G. R. Terry	49.00
SECRETS OF CLOSING SALES, by Charles B. Roth	29.00
SUPERVISORY MANAGEMENT, by George R. Terry	49.00
TESTED ADVERTISING METHODS, by John Caples	38.00
PSYCHOLOGY IN INDUSTRIAL ORGANISATION, by Siegel & Lane	56.00
PURCHASING AND MATERIALS MANAGEMENT, by England & Leenders	75.00

For the Finest Selection of Books

D. B. TARAPOREVALA SONS & CO. PRIVATE LTD.
Book Publishers
210, Dr. Dadabhai Naoroji Road, Fort, Bombay-400 001.

Market Gossip

Illegal silver imports into India?

The steep fall in international silver prices is causing worry in the Indian bullion world. The present ruling Indian prices in silver are higher than international prices by over Rs 600 to 700 per kg. Silver is quoted in India around Rs 2,800 per kg against the world prices of Rs 2,100 per kg based on official exchange rate of Rs 9.15 per US dollar with silver prices at $ 7 per troy ounce. Can this mean a reversal of silver movement — from exports outside India to imports into India? If silver continues to fall and Indian prices maintain the present level or go up, there is a distinct possibility of silver being illegally imported into the country.

This is the main topic of discussion among the bullion trade today. There are, however, many constraints; the first and foremost is that silver is being smuggled out to finance illicit gold, watches, entertainment electronics and other such luxury items. Silver is therefore exported not to make profit — even smugglers are prepared to lose on silver exports — but to pay for the goods smuggled into the country. That being the case silver as a "currency" will have to be used to make huge profits by smuggling into the country items like gold or luxury articles. Therefore a section of trade believes that, in spite of the fall in silver prices in the international market, it will still be used as a "currency" to pay for smuggled articles. Consequently there will not be any substantial movement of silver into the country.

Thus though silver smuggling on a big scale is not possible, traders believe that individual passengers may bring into the country silver in small parcels like one kg bars which can give them profit of Rs 500 to Rs 600 per kg. However, another section of traders points out that this also may not happen on a large scale as there is much greater profit in bringing smaller parcels of gold than that of silver and these gold pieces are easier to conceal than one kg bar of silver.

Based on the unofficial exchange rate of dollar of Rs 12, the silver prices will be at par with the ruling rate of Rs 2.700-Rs 2,800 per kg. A man in Dubai who has official dollars with him to bring silver, can make a profit in India of around Rs 500. But the same is not the case with the man who has to purchase dollars in the unofficial market. The traders, therefore, believe that at the moment, exports of silver for the smuggling of gold into the country will continue. The traders give a concrete illustration: Gold prices in India at around Rs 1,500 per 10 gm in the unofficial market against the price of imported gold at around Rs 1,200 give a margin of Rs 300 per 10 gm based on $ 325 per ounce and Rs 12 per dollar in the unofficial market. This margin increases to Rs 500 per 10 gm and above, if the transaction takes place in the official exchange rate. If all transactions take place in the unofficial exchange market this gives a profit of Rs 30,000 per kg in gold against the loss of Rs 600 per kg in silver — a very attractive proposal for gold smugglers in spite of the loss they suffer on silver transactions.

The illegal export of silver first began in 1968 and since then it is believed that about 17,500 tonnes of silver have gone out of the country. This includes unofficial exports and also official exports for a brief period of five years between 1974-79 when exports were permitted.

The traders who maintain that silver exports will continue point out that silver has an additional attraction as a mode of payment rather than purchasing dollars in the unofficial market in the country. The purchase of dollars in the unofficial market is a long and tedious job. One does not get dollars on the spot; arrangements are made to pay them in a particular country outside India. This takes time in communication etc. Therefore presentation of silver outside means immediate purchase of dollars or gold on the spot.

Government borrowings

The Central Government is raising another Rs 405 crores as the fifth and final tranche of borrowing programme for 1981-82. The three loans to be issued at par will open on March 29. The Government has so far raised by way of market loans during the current year Rs 2,743.65 crores. After repayment of loans amounting to Rs 286.75 crores, the net receipt amounted to Rs 2,456.90 crores. It is to be expected that with the last tranche, including the government reserving the right to accept 10 per cent in excess of the notified amount of Rs 405 crores, the net receipts for the year may be marginally higher than the revised estimate of Rs 2,900.25 crores.

Atlas Cycles merger proposal cleared

The Union Government has finally cleared the proposal of Atlas Cycles Ltd for the merger of its subsidiary Atlas Auto Cycles Ltd with it and has conceded tax relief under Section 72-A of the Income-Tax Act.

Under the scheme of amalgamation approved by the Punjab and Haryana High Court, the companies implemented the merger scheme with effect from January 1, 1979. Atlas Auto Cycles Ltd with a capacity to manufacture 50,000 powered bicycles per annum was set up by the company in 1973. It commenced commercial production in September 1976. Its accumulated losses aggregated to Rs 34.80 lakhs (on paid-up capital of Rs 54.40 lakhs) as at the end of 1977-78. Subsequent to the government's policy of 1978-79 permitting sick units' merger with viable ones, Atlas Cycles Ltd filed an application with the government seeking relief under Section 72-A of the Income-Tax Act. The government, however, rejected this proposal and denied the income-tax relief to Atlas Cycles Ltd on the ground that it was not satisfactory and would not be able to make the amalgamating company viable or healthy.

Subsequent to the rejection of its merger proposal, Atlas Cycles Ltd moved the Delhi High Court. The High Court, after a detailed examination of the proposal and finding the reasons for rejection unconvincing, directed the government to reconsider it.

STATE BANK OF

(ASSOCIATE OF THE

Head Office :

BALANCE SHEET (ABRIDGED)

As at 31st December 1980		CAPITAL AND LIABILITIES	As at 31st December, 1981	
Rs. P.	Rs. P.		Rs. P.	Rs. P.
1,00,00,000.00		Capital		1,00,00,000.00
1,88,40,492.11		Reserve Fund and other Reserves		2,10,22,481.21
423,10,48,149.66		Deposits and other Accounts		498,11,84,034.41
12,34,27,117.61		Borrowings from other Banking Companies, Agents etc.		12,87,60,221.12
8,82,90,898.48		Bills Payable		10,63,71,019.84
21,12,76,676.12		Bills for Collection being Bills receivable as *per contra*		28,16,35,587.14
27,80,04,271.27		Other Liabilities		39,35,48,153.72
31,47,83,325.31		Acceptances, Endorsements and other obligations *per contra*		38,30,69,021.61
11,55,099.21		Chitty Liabilities to the extent of Assets *per contra*		10,68,050.86
		Profit & Loss:		
	13,501.87	Balance brought forward from previous year	7,793.45	
	24,94,291.58	Profit for the year ended 31-12-1981 brought from Profit & Loss Account	27,00,126.00	
	25,07,793.45		27,07,919.45	
		Less: Appropriations to:		
		15,00,000.00 Reserve Fund 16,00,000.00		
	25,00,000.00	10,00,000.00 Dividend (Subject to tax) 11,00,000.00	27,00,000.00	
7,793.45				7,919.45
	34,18,00,269.12	Contingent Liabilities	38,25,50,048.35	
527,68,33,823.22		TOTAL		630,66,66,489.36

TRAVANCORE

STATE BANK OF INDIA)

TRIVANDRUM

AS AT 31ST DECEMBER, 1981

As at 31st December, 1980		PROPERTY AND ASSETS	As at 31st December, 1981	
Rs. P.	Rs. P.		Rs. P.	Rs. P.
55,53,64,307.88		Cash		63,62,34,844.88
2,32,47,895.61		Balance with other Banks		2,94,63,970.84
4,50,00,000.00		Money at Call and Short Notice		25,00,000.00
107,16,11,505.95		Investments		144,83,10,747.55
		Advances: (other than Bad and Doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	191,22,31,854.53	i) Loans, Cash Credits, Overdrafts etc. ..	226,49,01,951.17	
	61,35,73,660.20	ii) Bills discounted and purchased	70,62,29,647.38	
252,58,05,514.73				297,11,31,598.55
21,12,76,676.12		Bills Receivable being Bills for collection as *per contra*		28,16,35,587.14
31,47,83,325.31		Constituents' Liabilities for Acceptances, Endorsements and other obligations *per contra*		38,30,69,021.61
11,55,099.21		Chitty Assets to the extent of Liabilities *per contra*		10,68,050.86
75,40,576.37		Premises less depreciation		50,66,247.65
1,15,66,060.33		Furniture and fixtures less depreciation ..		1,41,32,289.07
50,91,04,008.61		Other Assets		53,36,51,386.96
3,78,853.10		Non-Banking Assets acquired in satisfaction of Claims	4,02,744.25	
527,68,33,823.22		TOTAL		630,66,66,489.36

STATE BANK OF

PROFIT AND LOSS ACCOUNT FOR THE

Year ended 31-12-1980	EXPENDITURE	Year ended 31-12-1981
22,61,63,868.58	1. Interest paid on Deposits, Borrowings etc.	27,66,84,727.51
10,81,88,102.74	2. Salaries and allowances, Provident Fund, Bonus and Gratuity	12,99,47,764.74
5,370.00	3. Directors' and Local Committee Members' fees and allowances ..	4,660.00
82,72,893.14	4. Rent, Taxes, Insurance and Lighting etc.	97,26,430.56
2,60,292.52	5. Law charges	5,63,609.45
50,66,108.66	6. Postages, Telegrams and Stamps	66,79,200.38
10,750.00	7. Auditor's Fees	12,000.00
26,33,876.38	8. Depreciation on the repairs to Bank's property	29,48,028.24
35,84,666.38	9. Stationery, Printing, Advertisements etc.*	42,43,997.03
NIL	10. Loss from sale of or dealing with non-banking assets	NIL
1,21,08,387.52	11.Other expenditure	1,65,39,087.80
24,94,291.58	12. Balance of profit	27,00,126.00
36,87,88,607.50	TOTAL ..	45,00,49,631.71
1,47,369.00	* Includes expenditure on Public Relations and publicity	2,10,690.00

Trivandrum,
12th February, 1982

SHRI. P. I. JOHN
SHRI. RAJINDER KUMAR
SHRI. M. B. DESHMUKH
SHRI. M. RAJASEKHARAN
DR. M. R. GOPALAKRISHNAN NAIR
SMT. GOURI PARVATHI BAYI

SHRI. C. MATHUNNY PANICKER
SHRI. C. P. GOPALAN NAYAR
SHRI. K. C. KURUVILLA
SHRI C. W. MIRCHANDANI
} Directors

TRAVANCORE

YEAR ENDED 31ST DECEMBER, 1981

Year ended 31-12-1980	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Year ended 31-12-1981
32,78,39,761.43	1. Interest and discount	40,20,35,868.64
4,06,92,768.85	2. Commission, Exchange and Brokerage	4,79,31,232.71
6,417.90	3. Rents	6,676.07
64,002.12	4. Net Profit on sale of investments, gold and silver, land, premises and other assets (not credited to Reserves or any particular Fund or Account) ..	24,796.71
NIL	5. Net Profit on revaluation of investments, gold and silver, land, premises and other assets (not credited to Reserves or any particular Fund or Account)	NIL
38,549.26	6. Income from non-banking assets and profit from sale of or dealing with such assets	13,587.80
1,47,107.94	7. Other Receipts	37,469.78
NIL	8. Loss (if any)	NIL
36,87,88,607.50	TOTAL ..	45,00,49,631.71

K. DAMODARAN NAIR *Chief Manager* *Finance & Accounts*	N. C. BANERJEE *Managing Director*	P. C. D. NAMBIAR *Chairman*	AYYAR & CHERIAN *(Chartered Accountants)* *Auditors*

CORPORATE SECTOR

In the market

Bombay Dyeing

The Bombay Dyeing & Manufacturing Company Ltd (Regd Office: Neville House, J. N. Heredia Marg, Ballard Estate, Bombay 400 038) is entering the capital market with a public issue of four lakh fully secured redeemable debentures of Rs 100 each for cash at par totalling Rs 4 crores. The subscription list will open on April 5 and close on April 17 or earlier but not before April 10.

Bombay Dyeing, the largest exporter of cotton textiles from India, with an uninterrupted dividend performance for the last 97 years, is issuing these debentures to augment the long-term capital requirements of the company. The debentures will yield an assured 13-1/2 per cent return payable half-yearly plus an additional one per cent if the equity dividend exceeds 13 per cent. As the company has already cleared 14 per cent dividend for 1980-81, it will pay 14-1/2 per cent interest in the every first year.

Bombay Dyeing received in July 1981 an industrial licence to produce 60,000 tonnes per annum of DMT (Dimethyl terephthlate), the principal raw material in the manufacture of polyester fibre. Substantial progress has already been made in the implementation of the DMT project which is located at Patalganga, a backward area in Maharashtra.

Swiss Jewels (India)

Swiss Jewels (India) Ltd (Regd Office: Court Chambers, New Marine Lines, Bombay 400 020) is entering the capital market on April 1, 1982 with a public issue of 720,000 equity shares of Rs 10 each, totalling Rs 72 lakhs. The proceeds of the issue, being managed by H.L. Financial Management Services Private Ltd and MJP Finance and Consultancy Private Ltd, will be used to provide part of the funds required for implementation of the Rs 3.89-crore project at Rangrethan in district Badgam of Jammu and Kashmir. The issue will close on April 12 or earlier but not before April 5.

According to Mr Surinder Wazir, the promoter-director of the company, the project is for the manufacture of 60 million nos of synthetic jewels and sapphire dial glasses — the latter for the first time in India. Jewels are used in industries like precision measuring instruments, electronics, textile, aeronautics, computers, photographics and watches. About 59 per cent of the output will be used by watch industry and the rest will go for other industrial applications. The project, which will draw upon the technical knowhow from Swiss Jewel Co. S.A. of Switzerland, is in an advanced stage of implementation and Mr Wazir is hopeful of commencing commercial production in July next and of achieving hundred per cent capacity utilisation by the following October. The company has entered into a selling arrangement for its entire production with Torriani S.A. Locarno of Switzerland, who will also subscribe 30 per cent of the equity.

Modipon

Modipon Ltd (Regd Office: Modinagar, Uttar Pradesh), will be raising from the capital market next week Rs 5 crores by way of 5 lakhs secured redeemable debentures of Rs 100 each for cash at par and carrying interest at 13.5 per cent per annum - an additional interest of one per cent will be paid for any financial year if the equity dividend exceeds 12.5 per cent in the immediate preceding financial year. The issue opens on March 22 and closes on or before April 1 but not earlier than March 25.

Mr K.K. Modi, president and managing director of the company, explaining the advantages of the debenture issue, said that for getting the interest on debentures the investors could avail of two schemes - one was cumulative scheme-savings oriented with simple interest up to 24 per cent per annum on the basis that one per cent incentive interest would be payable every year until maturity and the entire interest at rate of 14.5 per cent per annum was compounded half-yearly; the second was the non-cumulative scheme which was recurring income oriented with interest being payable half-yearly.

Discussing business prospects of the company, Mr Modi said that it had maintained a record of steady growth between 1977 and 1981, with sales and other income going up from Rs 36 crores to Rs 79 crores yielding an after-tax profit of Rs 3.01 crores (Rs 22 lakhs in 1977). Some important schemes were in hand to further boost the profitability of th company. Among these were setting u of a modern research and developmer facility, development of fine denier hig speed partially oriented polyester filamer yarn for the first time in India, introdu tion of a new type of yarn called HS yarn to be spun at six times the currer speed in order to give it a silky lool manufacture of 2,000 tonnes annually c nylon tyre yarn and 4,000 tonnes annual of industrial yarn. Entire production these new yarns would be sold to sist companies in the Modi group.

Other development

Karnataka Pavilion at World Trade Centre

Karnataka Pavilion, administered ar maintained by Mysore Sales Internation Ltd, was inaugurated on March 16 Mr R. Gundu Rao, Chief Minister Karnataka, at the Visveswaraya Wor Trade Centre, Bombay.

The State-owned Mysore Sales Inte national Ltd, with a turnover of Rs crores, handles a wide range of produc and services. The products current being marketed include soaps, detergen sandalwood oil and aggarbattis.

The Karnataka pavilion which managed by a full time officer, besid offering a product display opportunit also has a conference facility for preser ation of audio visuals films video. represents an important step forward f Karnataka in its overall programme f export promotion. By encouraging ar making the necessary infrastructure ava able for international trade, it is expect that a big boost will be given to the sm and medium scale industries fro Karnataka for rapidly developing overse markets.

Siemens India pays more inspite of lower sales

The sales of Siemens India Ltd f the year ended September 1981 we lower at Rs 105 crores as compared wi Rs 126 crores in the previous year. Du reportedly to higher output in manufac uring areas and better management working capital, the pre-tax (profit) w higher at Rs 12.8 crores (Rs 9.6 crore The after tax profit was Rs 5.6 cror s 3.8 crores). The company stepped the dividend to 20 per cent (17 per nt) and also declared bonus shares in e ratio of 1:2. While the dividend payent involved Rs 1.44 crores (Rs 1.22 rores), other appropriations included ansfers to general reserve Rs 3.52 crores Rs 1.82 crores), investment allowance eserve Rs 60 lakhs (Rs 70 lakhs) and ebenture redemption reserve Rs 5 lakhs Rs 5 lakhs).

During the first five months of 1981-2, the turnover achieved amounted to Rs 41 crores which is 33 per cent higher han that during the corresponding period of 1980-81. The orders in hand as at the end of February 1982 stood at Rs 117 crores as compared with Rs 108 crores as at the end of September 1981.

Reliance Textiles : Growing higher and higher

Reliance Textile Industries Limited has on hand some big investment programme with an aggregate capital expenditure of Rs 150 crores. Addressing an extraordinary general meeting of the company's shareholders, the chairman, Mr Dhirubhai Ambani, said that with the completion of these programmes the company's gross assets would almost double to Rs 250 crores.

One of the programmes under implementation is the establishment of a polyester filament yarn project with technical collaboration from the U.S. firm, Du Pont. This project is expected to go on stream in the third quarter of 1982. The company has also undertaken two crash programmes with an aggregate outlay of Rs 74 crores - one is to revive the Sidhpur mill, a sick unit taken over by the company, and the second, to instal additional sophisticated balancing equipment at the company's textile complex at Ahmedabad.

Reviewing the company's performance for the year, Mr Ambani said the turnover crossed Rs 300 crores in 1981 as against Rs 208 crores the previous year. It s gross profit exceeded Rs 30 crores as against Rs 18 crores in the previous year. The company's reserves and surpluses are expected to rise to Rs 72 crores by the end of the current year, when its paid up capital will be around Rs 18 crores. The company will, in order to finance its immediate manufacturing planns, soon raise Rs 55.5 crores by way of a rights issue of debentures of Rs 125 each and cumulative redeemable preference shares of Rs 100 each.

CAPITAL MARKET

Need for innovation in capital mobilisation

By 'SCRUTATOR'

INDUSTRIALS suffered a modest set back on the stock exchanges of the country on precautionary profit-taking and bull unloading. This seemed to be in the nature of technical correction in view of the upward trend, which had developed subsequent to the Union budget proposals which were considered favourable by the market fraternity.

Several new issues would be forthcoming shortly. The right issues of Ambalal Sarabhai Enterprises Ltd and Shri Dinesh Mills Ltd have met with good response. Modipon Ltd will be coming out with a public issue of five lakh secured, redeemable debentures of Rs 100/- each at par. Deepak Fertilisers & Petro-Chemicals Corporation Ltd has been promoted by the Deepak Nitrite Ltd. The company would be entering the capital market soon with a public issue of Rs 4.60 crores in equity shares and Rs 1.50 crores in preference shares. The project is being set up at Taloja (in Maharashtra State) for the manufacture of 272 tonnes per day of anhydrous liquid ammonia. Shares are also being offered to the existing share-holders of Deepak Nitrite Ltd (Baroda). Looking to the past performance of this group and capabilities of the promoters, this venture is bound to be a successful and rewarding one.

Bombay Dyeing & Manufacturing Co. Ltd is coming out with a novel scheme of non-convertible debentures. The debenture holders of this category would be given a preferential treatment by way of 'rights' in their subsequent convertible debentures issue.

In the context of the prevaling economic and financial situation in India, it would be worthwhile to discuss the introduction of what are called treasury bonds or participation certificates in the US and UK as an instrument of raising funds from the capital market. The steep rise in the cost of in puts has depleted the profit margins of several industries, particularly in the field of engineering. This, coupled with the restrictions on borrowings from the institutions, has compelled companies to resort to borrowings from the public. The answer to this problem could be the issuance of a quasi-capital bond. These can be in the nature of treasury bonds bearing a sufficiently attractive rate of interest with long-term maturities over a period of 15 to 20 years. The issues of such bonds could be limited to listed companies. This would also ensure free marketability.

Apart from the minimum rate of interest payable on such scrips they can, depending upon the profitability of the company, also participate in the profits. Alternatively the interest rate could be kept floating with the Bank rate. The maximum permissible spread could be stipulated by the Reserve Bank of India taking into consideration the current yield on capital stocks and other long term securities and the compensating factor for the risk element involved in such bonds.

An important advantage of the treasury bond would be that when it is necessary for companies to raise funds for expansion, modernisation and replacement it can issue such bonds. After the period of gestation of the new ventures and in the event of surplus funds being available the companies would be at liberty to repurchase the same by way of investment.

This concept has been an accepted mode of financing in Europe and in the United States and with proper legislation can be successfully implemented in India. Another feature that could be added would be the option of conversion into equity in the event of default in the payment of interest by the company for two consecutive years. Thus what is sought to be achieved by the treasury bond is a mean between the preference share capital and the secured debentures.

Finance-wise, it makes no difference as to how whether these are in the private sector or public sector. They all need investment for their development and growth, whether long-term capital or short-term working funds. Today, the public sector is spoon-fed by government, though for working capital it has got to approach the banks.

Financial Analysis of Operations of Non-Financial Companies

Compiled by Commerce Research Bureau

(Rs. lakhs)

Name of the company	**Garware Nylons**		**Gwalior Rayon Silk Mfg (Wvg) Co**		**Modipon**		**Shree Synthetics**		**Sirsilk**	
Industry Group	Silk & Synthetics		Silk & Synthetics		Silk & Synthetics		Silk & Synthetics		Silk & Synthetics	
	Year ended March		Year ended March		Year ended June		Year ended June		Year ended September	
Item	1980	1981	1980	1981	1980	1981*	1980	1981	1979	1980
Liabilities (at the end of the year)										
1. Net worth (i+ii)	1,391.3	1,582.7	12,445.0	15,508.7	1,719.2	1,901.6	1,082.8	1,389.8	354.4	345.9
(i) Paid-up capital (a+b)	648.0	648 0	2,132.0	2,132.3	350.0	700.0	390.9	474.9	294.3	294.3
(a) Equity	648.0	648.0	1,783.7	1,784.0	350.0	700.0	309.7	393.7	94.3	94.3
(b) Preference	—	—	348.3	348.3	—	—	81.2	81.2	200.0	200.0
(ii) Reserves	743.3	934.7	10,313.0	13,376.4	1,369.2	1,201.6	691.9	914.9	60.1	51.6
2. Borrowings (i+ii)	1,348.6	1,557.1	1,001.2	686.2	962.9	1,760.7	1,058.3	1,115.5	125.6	125.5
(i) Long-term	516.1	518.1	627.5	541.4	404.2	655.8	836.0	706.1	125.6	125.5
(ii) Short-term	832.5	1,039.0	373.7	144.8	558.7	1,104.9	222.3	409.4	—	—
3. Non-current liabilities and provisions	—	—	—	—	4.1	6.1	—	—	115.6	115.6
4. Current liabilities and provisions	664.6	659.5	3,760.2	4,117.7	1,054.4	1,378.9	240.4	273.9	266.9	419.3
Assets (at the end of the year)										
5. Gross fixed assets	3,232.8	3,844.8	16,744.9	23,054.0	3,325.3	4,014.5	2,080.2	2,472.2	942.9	963.4
6. Less depreciation	1,214.4	1,517.4	7,457.2	11,124.2	1,434.8	1,755.6	695.4	897.5	739.6	749.8
7. Net fixed assets (5−6)	2,018.4	2,327.4	9,287.7	11,929.8	1,890.5	2,258.9	1,384.8	1,574.7	203.3	213.6
8. Current assets (i+ii+iii)	1,215.5	1,301.3	7,697.0	8,153.9	1,719.7	2,653.2	996.7	1,204.5	659.2	792.7
(i) Inventories	815.9	927.6	4,637.2	4,679.0	972.4	1,104.2	574.8	632.5	396.6	548.7
(ii) Receivables and loans and advances	325.3	242.9	1,966.9	2,419.1	280.7	796.7	256.5	352.1	199.0	220.5
(iii) Others	74.3	130.8	1,092.9	1,055.8	466.6	752.3	165.4	220.1	63.6	23.5
9. Other assets	170.6	170.6	221.7	228.9	130.4	—	—	—	—	—
Total: Liabilities (1 to 4) or **Net assets** (7 to 9)	**3,404.5**	**3,799.3**	**17,206.4**	**20,312.6**	**3,740.6**	**5,047.3**	**2,381.5**	**2,779.2**	**862.5**	**1,006.3**
Value of production and other income										
10. Sales/income net of excise duty, discounts and selling commission	2,334.5	3,240.4	21,055.7	24,992.2	2,410.2	3,983.7	1,131.6	1,878.7	1,123.5	901.5
11. Increase in stock of finished goods and work in progress	−50.1	97.6	899.9	178.7	−24.6	71.1	−5.1	−49.5	16.5	177.7
12. Value of production (10+11)	2,284.4	3,338.0	21,955.6	25,170.9	2,385.6	4,054.8	1,126.5	1,829.2	1,140.0	1,079.2
13. Other income	21.1	38.1	225.1	240.2	64.1	121.4	9.6	20.9	16.3	20.7
Expenditure										
14. Materials, stores and other mfg. expenses	1,256.4	2,013.8	16,569.4	18,937.1	1,284.7	2,191.9	618.3	998.5	686.1	732.5
15. Current repairs	62.4	114.7	332.0	321.9	147.7	266.1	29.5	39.2	73.8	62.1
16. Salaries and wages	140.8	182.7	2,191.4	2,456.5	221.7	387.1	97.5	156.5	202.0	209.3
17. Welfare expenses	16.6	26.0	225.8	285.3	25.4	30.9	13.5	17.1	17.0	14.2
18. Managerial remuneration	0.5	0.2	—	—	0.7	0.7	—	—	—	—
19. Other expenses	199.6	235.4	600.8	677.9	233.1	398.4	58.2	75.9	46.1	40.4
20. Depreciation	212.8	305.7	888.9	1,584.3	207.7	325.2	125.0	202.3	22.6	11.2
21. Other provisions	—	—	—	—	—	—	—	—	20.1	–
22. Operating profit (12+13)−(14 to 21)	416.4	497.6	1,372.4	1,148.1	328.7	575.9	194.1	360.6	88.6	30.2
23. Interest	147.4	196.8	196.8	298.7	120.0	282.9	54.7	131.1	25.4	39.1
24. Tax provision	—	—	683.0	738.0	—	—	—	—	—	—
25. Profit after tax (22−23−24)	269.0	300.8	492.6	111.4	208.7	293.0	139.4	229.5	63.2	−8.9
Appropriations										
26. Dividends (i+ii)	97.2	110.1	363.3	389.2	87.5	119.0	44.9	62.6	31.2	—
(i) Equity	97.2	110.1	316.8	356.8	87.5	119.0	37.2	54.9	31.2	—
(ii) Preference	—	—	46.5	32.4	—	—	7.7	7.7	—	—
27. Profit retained (25−26)	171.8	190.7	129.3	−277.8	121.2	174.0	94.5	166.9	32.0	−8.9
Total: Value of production & other income (12+13) or Expenses and appropriations (14 to 22)	**2,305.5**	**3,376.1**	**22,180.7**	**25,441.1**	**2,449.7**	**4,176.2**	**1,136.1**	**1,850.1**	**1,156.3**	**1,099.9**
Operational indicators (per cent)										
(a) Net worth/total net assets	40.9	41.7	72.3	76.4	46.0	37.7	45.5	50.0	41.1	34.4
(b) Inventories/net sales	34.9	28.6	22.0	18.7	40.3	27.7	50.8	33.7	35.3	60.9
(c) Operating profit/net sales	17.8	15.4	6.5	4.6	13.6	14.5	17.2	19.2	7.9	3.3
(d) Operating profit/total net assets	12.2	13.1	8.0	5.7	8.8	11.4	8.2	13.0	10.3	3.0
(e) Profit after tax/net worth	19.3	19.0	4.0	0.7	12.1	15.4	12.9	16.5	17.8	..
(f) Equity earning/equity capital	41.5	46.4	25.0	4.4	59.6	41.9	42.5	56.3	21.5	..
(g) Equity dividend	15.0	17.0	20.0	20.0	25.0	17.0	12.0	15.0	—	—
(h) Equity dividend coverage (No. of times)	2.8	2.7	1.3	0.2	2.4	2.5	3.5	3.8	..	..
(i) Paid-up value per equity share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
(j) Market price of an equity share (Rs.)	34.00	44.76	63.25	60.54	67.00	67.00	32.50	31.29	6.81	5.15
(k) Gross yield	4.4	3.8	3.2	3.3	3.7	2.5	3.7	4.8	..	..
(l) Gross fixed assets formation	30.5	18.9	5.6	37.7	20.4	20.7	68.6	18.8	4.0	2.2
(m) Debt equity	0.37:1	0.33:1	0.05:1	0.03:1	0.24:1	0.34:1	0.77:1	0.51:1	0.35:1	0.36:1

Notes: .. Category not applicable ... Amount Percentage is negligible — Amount is nil N.Q. Not quoted N.A. Not available

The profit figures shown in the above statement have been calculated by making, wherever necessary, additions or deductions of various items so as to show the true profit pertaining to the particular year on a uniform and comparable basis. Similar adjustments are sometimes made in other items also. Totals may not add up due to rounding off. * Sixteen months period.

EQUITIES

ilvery shares lose shine

Bombay, March 19

Though the crash in share prices on he Bombay Stock Exchange came sud-enly on Thursday, there had been signs t least three days earlier that leading crips would suffer a setback. Significantly his was not because there was a reassessment by the market about the Union budget or the economy but because of developments in the bullion and particularly silver market and the financial tringency all the markets are feeling Prices of silver in recent days have dropped from Rs 2,800 to Rs 2,640 per kg and it was widely expected that bullion yndicates which had made investment in the stock market in the form of 'badla' would withdraw that investment. This came about on Thursday and, along with t crashed the share prices. Century from he recent high of Rs 1,005 at one time dropped to Rs 865 before closing at Rs 910. The landslide, though confined to speculative shares, did take a heavy toll of as much as Rs 87 in Telco, Rs 89 in Gujarat State Fertiliser Company, Rs 30 in Tata Ordinary and Rs 39 in Baroda Rayon.

The bullion syndicates which did the hammering on Thursday brought down the levels so much that there was scope for profit-taking and on Friday the market did stage a rally—Century from the closing of Rs 910 to Rs 935, ACC from Rs 290 to Rs 335 and Tata Ordinary from Rs 321 to Rs 342. Partly the rally has been helped by the imposition by the stock market authorities of heavy margins on bears to discourage further selling. On Friday only carry-forward deals were permitted.

Thursday's upheaval was mainly confined to the scrips in the cleared list. This pointed to the urgent need for the abolition of the socalled cleared list and or making all share dealings subject to cash transactions. Luckily enough, the number of scrips affected was a handful affecting only two or three speclative operators of the Bombay Stock Exchange. However, since these shares are in the limelight of publicity of newspapers and the general public is quite unaware of the *modus operandi* of the speculative operators of the Bombay Stock Exchange, such an upheaval is liable to to undermine the public confidence in the stock exchange and seriously affect the fortunes of genuine entrepreneurs seeking to start new ventures requiring public subscription to their equity capital. The chaos in the market has to be stopped and this can only be done by the authorities of the stock exchanges. Unfortunately developments in the Bombay Stock Exchange do not hold out any hope.

THE WEEK'S PRICE RANGE

CLEARED SECURITIES

	Closing quotations 27-2-82	High	Low	Closing quotations 6-3-82
	Rs.	Rs.	Rs.	Rs.
Textiles				
Ahm. Advances (100)	180.00	187.50	187.50	187.50
Bombay Dyeing (25)	76.00	77.00	73.50	74.00
Central India (50)	43.00	43.00	41.00	43.00
Century (100)	971.00	992.00	970.00	977.00
Dawn (50)	64.00	64.00	61.00	62.00
Elphinston (50)	50.00*	—	—	50.00*
Finlay (100)	87.50	87.50	85.00	87.50
Gokak (10)	17.00	17.00	16.50	16.50
Gwalior Rayon (10)	57.15	57.75	53.00	53.00
Khatau (100)	235.00	235.00	232.50	235.00
Kohinoor (100)	46.00	—	—	46.00*
Morarjee (100)	215.00	215.00	210.00	210.00
National Rayon (100)	322.50	—	—	322.50*
New Great Eastern (100)	75.00*	—	—	75.00*
Phoenix (100)	38.00*	—	—	38.00*
Podar (10)	6.50	—	—	6.50*
Shreeniwas (100)	75.00*	—	—	75.00*
Simplex (50)	63.00	—	—	63.00*
Standard (100)	365.00	367.00	350.00	352.00
Svadeshi (100)	154.00	154.00	154.00	154.00
Swan (100)	175.00	172.50	167.50	170.00
Tata Mills (25)	23.00	25.00	23.00	23.00
Electric				
Ahmedabad (100)	101.00	101.00	99.50	99.50
Andhra Valley (100)	109.00	111.50	108.00	111.50
B. Suburban (100)	122.50	123.75	121.25	123.75
Tata Hydro (100)	112.50	—	—	92.50*
Tata power (100)	116.00	115.50	115.00	115.50
Steel				
Mukand (10)	30.50	30.50	28.50	28.25
Tata Steel (100)	397.00	397.00	373.00	379.00
Engineering				
Larsen & Toubro (10)	61.75	63.00	57.75	57.75
TataEngg.& Loco (100)	560.00	562.00	528.00	530.00
S.L.M. Maneklal (100)	160.00*	—	—	160.00*
Voltas (100)	250.00	249.00	244.00	248.00
Walchandnagar (10)	33.50	33.50	33.00	33.00
Dyes and Chem				
Amar Dye-Chem (100)	155.00	160.00	140.00	140.00
Indian Dyestuff (100)	245.00	250.00	220.00	225.00
Polychem (50)	58.00	60.00	58.00	58.00
Tata Chemical (10)	55.00	55.00	52.50	53.25
Shipping				
Great Eastern (10)	15.50	16.25	14.00	14.50
Scindia (20)	14.00	14.25	12.25	13.00
Cement				
A.C.C. (100)	368.00	377.00	359.00	364.00
Shree Digvijay (100)	288.00	295.00	285.00	295.00
Sugar				
Maharashtra (50)	41.00	41.00	39.00xd	41.00
Phaltan (50)	30.00	—	—	30.00*
Miscellaneous				
Bombay Burmah (25)	39.00	39.00	37.00	37.00
Hindustan Motors (10)	27.50	27.50	25.75	26.00
Premier Auto. (100)	366.00	380.00	348.00	358.00
Pre. Construction (50)	112.00	—	—	112.00*
Sirpur Paper (10)	22.50	22.25	21.00	21.50
Tata Oil (25)	60.00	60.00	58.00	58.00
W. Coast Paper (100)	92.50	—	—	92.50*
Wimco (10)	13.75	14.00	13.50	13.50

NON-CLEARED SECURITIES

	Closing quotations 27-2-82	High	Low	Closing quotations 6-3-82
Textiles				
Baroda Rayons (100)	427.00	425.00	387.00	392.00
Century Enka (100)	580.00	580.00	560.00	562.50
Garware Nylons (10)	50.00	50.00	47.00	47.25
Gold Mohur (100)	92.00*	—	—	92.00*
Indian Rayon (10)	100.00	101.00	93.00	94.00
J.K. Cotton (10)	12.50	12.50	12.00	12.50
J.K. Synthetics (10)	64.00	64.75	63.50	63.50
Lakshmi Vishnu (100)	54.00*	—	—	54.00*
Mafatlal Fine (100)	211.25	211.25	208.25	211.25
Mafatlal Industries (125)	352.50	351.25	348.75	351.25
Modella Woollen (10)	9.25	—	—	9.25*
Nirlon (10)	40.00	40.50	39.00	40.00
Raghuvanshi (100)	122.50*	-	--	122.50*

NON-CLEARED SECURITIES

	Closing quotations 27-2-82	High	Low	Closing quotations 6-3-82
	Rs.	Rs.	Rs.	Rs.
Textiles				
Raymond Woollen (10)	56.50	—	—	56.50*
Reliance Textile (10)	134.25	133.50	128.50	129.00
S.I. Viscose (100)	237.50	235.00	225.00	225.00
Stretch Fibres (10)	8.75	8.00	7.75	7.75
Swadshi Polytex (10)	17.50	17.00	17.00	17.00
Electric				
Amalgamated (10)	5.50*	—	—	5.50*
Surat (100)	96.00	—	—	9.600*
Cement				
Mysore Cement (10)	35.50	35.50	35.00	35.50
Saurashtra Cement (100)	140.00	—	—	140.00*
Paper				
Andhra Paper (100)	170.00	—	—	170.00*
Bhadrachalam(New) (10)	13.00	13.00	12.00	12.00
Jayant Paper (100)	137.00	135.00	135.00	135.00
Rohit (100)	167.00*	—	—	167.00*
Steel, Metals Alloys				
Ennore Foundries (10)	41.00	41.00	40.00	41.00
Ferro Alloys (100)	262.50	262.50	257.50	262.50
Hind Aluminium (10)	47.50	47.50	45.00	46.50
Khandelwal Ferro (100)	127.50	125.00	125.00	125.00
Mahindra Ugine (10)	60.50	60.00	58.00	60.00
Tata Yodogawa (100)	122.50	122.50	110.00	110.00
Engineering				
Associated Bearings (100)	450.00	447.50	440.00	445.00
Bimetal Bearings (10)	28.00	28.00	27.75	28.00
Blue Star (10)	36.00	36.00	35.50	35.50
Elecon Engineering (10)	36.50	36.00	35.00	36.00
Gujarat Steel Tube (100)	340.00	330.00	325.00	325.00
Hindustan Brown (100)	282.50	285.00	273.75	282.50
Ingersoll-Rand (10)	133.00	139.00	134.00	134.00
Jyoti (100)	195.00	192.50	192.50	192.50
Kamani Engineering (10)	725.00	725.00	725.00	725.00
Kirloskar Cummins (100)	29.50	29.50	28.25	28.25
Kirloskar Oils (10)	46.00	48.00	45.50	48.00
Kirloskar Pneumatic (10)	56.00	57.00	54.00	55.00
Mahindra (10)	71.00	—	—	71.00*
New Standard (100)	102.50	105.00	99.00	100.00
Sandvik Asia (100)	362.50	—	—	362.50*
Vulcan-Laval (10)	31.25	31.25	30.00	30.00
Zenith Steel (10)	52.00	52.00	47.00	47.00
Cables & Elec.				
Asian Cables (100)	160.00	167.50	167.50	167.50
Bajaj Electricals (100)	175.00	—	—	175.00*
Crompton Greaves (100)	356.25	360.00	355.00	360.00
Otis Elevator (10)	29.00	29.00	28.50	28.50
Siemens India (10)	60.50	61.50	59.00	59.50
Chemcials				
BASF (10)	37.50	37.50	37.00	37.00
Bayer (India) (100)	200.00	200.00	185.00	185.00
Chem &Fibres (10)	24.00	24.25	23.50	24.00
Colour-Chem (100)	230.00	230.00	220.00	225.00
German Remedies (10)	28.50	28.50	28.00	28.00
Gujarat State Fert. (100)	438.00	441.00	411.00	411.00
Hindustan Lever (10)	54.50	55.00	53.00	54.00
Indian Organic (10)	34.50	34.50	32.50	33.00
National Organic (100)	198.00	205.00	197.00	199.00
Pfizer (10)	26.00	26.25	25.75	26.25
Polyolefins Ind. (100)	300.00	305.00	300.00	301.25
Sandoz (10)	31.75	31.50	29.00	29.00
Synthetics (100)	80.00	82.00	78.00	80.00*
Warner-Hindustan (10)	22.50			22.50
Zuari Agro (10)	22.00	20.50	19.00	20.25
Miscellaneous				
Bajaj Auto (100)	1500.00	--	—	1500.00*
Bombay Oxygen (100)	120.00	—	—	120.00*
Cadbury (10)	23.50	26.25	24.25	25.00
Camphor & Allied (100)	195.00	200.00	195.00	200.00
Ceat Tyres (100)	205.00	205.00	197.50	202.50
Colgate-Palmolive (10)	149.00	147.00	144.00	146.00
Empire Industries (15)	24.50*	—	-	24.50*
Fibre Glass (10)	15.50	15.50	15.00	15.25
Gammon India (10)	18.50	18.75	17.50	18.00
Hindustan Ferodo (10)	40.00	—	—	40.00*
Hoechst Dyes (10)	28.00	28.00	27.50	27.50
Indian Hotels (10)	67.00xr	75.00	71.00	71.50
Motor Industries (100)	427.50	427.50	412.50	412.50
Tata-Finlay (10)	12.75	12.00	11.00	11.75

Notes:

Figures within brackets indicate the paid-up value of shares xd—Ex-dividend cd—Cum-dividend xr—Ex-right cr—Cum-right

(a) An asterisk mark after the quotation indicates the closing prices of the last official trading and not of the date indicated in the columns

(b) The dash (–) in the columns for 'High' and 'Low' means that no official trading in the share had taken place during the period under report

COMMODITIES

Oilseeds : All-round fall

Bombay, March 15

There was an all-round fall in seeds and oils in the oilseeds market during the past week on lack of fresh support and comfortable supply position. Activity was limited and the undertone was distinctly weak.

Groundnut Karad bold, Saurashtra bold and Saurashtra quality receded further by Rs 5 each to Rs 535, Rs 540 and Rs 540 per 100 kg respectively. The selling was attributed to the excellent summer crop in South and Gujarat. Groundnut oil also dropped on account of this, with a further small fall of Rs 1.82 to Rs 131.82 per 10 kg. In the previous week, the drop was as much as Rs 10.40 per 10 kg.

In the absence of takers, business was neglected in the imported oils. Palmoleine and RBD just held the ground at Rs 126.88 and Rs 166 per 10 kg. Soyabean, however, declined by Rs 3.12 to Rs 118.56 per 10 kg.

Castorseed and its oil suffere
setback on poor export inquiries a
discouraging advice from produci
centres like Ahmedabad a
Hyderabad. Castorseed Madras sm
and Kanpur bold slipped back furth
by Rs 8 each to Rs 294 and Rs 2
per 100 kg. Castor commercial
and castor BSS oil fell by Rs 2.
each to Rs 64.75 and Rs 70.25 p
kg.

Linseed and its oil also participate
in the general falling trend. Linsee
bold yielded further Rs 20 at Rs 3
per 100 kg and its oil Rs 3.12 at
100.88 per 10 kg.

Cakes were devoid of noteworth
business. Groundnut expeller w
offered Rs 100 lower at Rs 1,550 p
tonne on lack of export order.

Comparative prices in rupees p
quintal of seeds and per 10 kg of oi

	13-3-1982	6-3-19
G. nut Karad bold	535.00	540.0
G. nut oil	131.82	133.6
Cast. Md. Sm.	294.00	302.0
Cast. oil com.	64.75	67.0
Cast. oil BSS	70.25	72.5
Linseed bold	390.00	410.0
100.88	104.00	

Grains divergent

Bombay, March

A divergent trend featured tradi
in grains in the local market duri
the past week. In cereals, wheat (pis
ruled steady at Rs 250-325 per quint
the Sonakalyan variety declined
Rs 10 to Rs 195-200 per quint
Demand was at a low ebb. Arriva
were heavy and averaged about 7,0
bags per day. The inferior varieti
were absorbed by flour mills.

Activity in rice was at a low eb
Supplies of new crop from Gujar
Maharashtra and the southern regi
were satisfactory. Demand w
limited. The Basmati variety w
quoted at Rs 625-725 per quintal a
the Luchai variety at Rs 290-315 p
quintal.

In coarse grains, jowar harden
by Rs 5 at Rs 140-200 per quint
Bajra declined by Rs 12 to Rs 1
225 per quintal. Barley ruled stea
at Rs 138-140 per quintal and ma
at Rs 185-190 per quintal.

Among pulses gram dal eased
Rs 3 to Rs 345 per quintal, the unde
stone was hesitant. Trading in moo
was limited and prices ruled stead
Moog (chumki) was traded at Rs 3
per quintal. Masoor dal ruled qu
at Rs 400 per quintal. Tur dal pri
increased by Rs 12 to Rs 450-550 p
quintal and urad (moglai) maintain

GUDHI PADWA BUMPER DRAW

COMMON PRIZE TO SIX SERIES
Rs.10,00,000

FIRST PRIZE IN EACH SERIES
Rs.1,00,000

Total Prizes 14,52,385
Total Prize amount Rs.50,80,000

Date of Draw:
friday, the 26th March 1982
Ticket: Re.1/- only.

MAHARASHTRA STATE LOTTERY

DGIPR (LT) 1981-82

week's level of Rs 240 per al.

ar recedes

Bombay, March 15

ugar prices in the local market ed to lower levels on keen unload- py stockists and mills. The price -30 grade sugar declined by Rs o Rs 522-530 per quintal. The erstone was sluggish. The sugar ks with the dealers at the close he week were 3,797 bags. Offtake ocal dealers and bulk consumers poor. The price of C-30 grade ar on March 13, 1982 was lower Rs 195 per quintal than that on corresponding date a year ago.

Khandsari maintained its level on tained preferential support of the yers. The superior variety was ded at Rs 495-500 per quintal, dium at Rs 425-450 per quintal and inferior grade at Rs 375-400 per ntal.

The State factories reduced their ces to Rs 490 per quintal for C-30 and Rs 485 per quintal for D-30 as compared to the opening prices of Rs 510 and Rs 500 per quintal for C-30 and D-30 respectively.

Foodgrains firm

Hapur, March 15

Steady to firm conditions were witnessed in foodgrains during the past week. Wheat, rice and maize recorded fresh gains. Standing rabi crop prospects, however, were excellent inspite of hail-storm and continued rainy weather during the past week. Harvesting operations have been delayed due to inclement weather.

Despite transport strike wheat was attracting better buying inquiry from nearby centres and prices of dara quality advanced by Rs 5 per quintal. Wheat average was quoted at Rs best dara Rs 168-170 and white farm Rs 172-175 per quintal. New arrivals have started in western districts of U P.

Rice also recorded a firm trend. Despite a record purchase by Government rice hardened by Rs 5-10 per quintal on tight supply position due to poor arrivals from producing areas following transport strike. Weekend prices (per quintal) were: Basmati sela Rs 450-480; mainpuri sela Rs 250-252 and gadda Rs 230 per quintal.

In coars grains almost all sections remained unchanged as trading was limited due to continued rainy weather. Harvesting of gram, barley, bejhar and peas delayed and standing crops of these cereals have received heavy losses from hailstorm during the past week. Pulses market ruled quiet as trading was negligible owing to strike and bad weather during the past week.

Weekend prices (per quintal) were: Gram Rs 240-280; barley Rs 120-125; bejhar Rs 130-135; maize Rs 145-148;juwar Rs 140-160, guwar Rs 210-220; methi Rs 320-340; oats Rs 270-300; peas dara Rs 240-245; white farm Rs 260-270; arhar (thur) Rs 290-300; urd Rs 270-275; moong Rs 300-325 and masoor Rs 280-290.

Sugar declines

Hapur, March 15

Easy conditions were witnessed in sugar during the past week. Sugar declined Rs 20 per bag to be quoted at Rs 510-550 per bag according to quality. Trading was at a standstill following truck strike. Besides, mills here in West UP have been affected by paucity cane supplies due to unavailability of trucks. However, expectations are that sugar production may touch 70 lakh tonnes because of a good cane crop.

Trading in khandsari and sulphur also has been paralysed following transport difficulties. Production was also hampered due to continued cloudy rainy weather. The market tended to ease and weekened prices (per quintal) were: Sulphur shifted Rs 440-460, regular Rs 350-415, dust Rs 340-375 and khandsari crushers Rs 250-350.

READ

COMMERCE PAMPHLETS

Pamphlet No. 167

Politics and Economics of Delay

By Subhash Chandra Sarker

Pamphlet No. 168

Company Law Reforms

By Ch. S. Rao

Pamphlet No. 169

District Industries Centres: Promise and Performance

By M. N. Upadhyay

Annual subscription Rs 50

COMMERCE PUBLICATIONS LIMITED

Manek Mahal, 6th Floor,
90, Veer Nariman Road,
Bombay - 400 020.

A MUST FOR ADVERTISERS/JOB SEEKERS

Employment News

the PUBLICATIONS DIVISION weekly having countrywide circulation

- This is the only weekly exclusively devoted to bringing employment opportunities in Central and State Governments, public sector undertakings,educational institutions including universities and the private sector to the notice of largest number of eligible persons.
- Nearly 3 lakh copies of each issue of its English, Hindi and Urdu editions are read by at least 3 million people.
- Distributed from 700 points covering metropolitan cities, State capitals, District and Sub-Divisional towns and urban agglomerations.
- Every paid insertion in its English edition ensures free publication of the item in ROZGAR SAMACHAR in Hindi and Urdu.
- For mechanical data, advertising rates, etc, please contact or write to :

Circulation & Advertisement Manager
Employment News
East Block IV, Level 7,
Ramakrishnapuram, New Delhi-110066
Phone : 693856

davp 81/324

COMMODITIES

Ready gur, however, ruled steady due to small arrivals because of inclement weather. Trading was limited. Traders were suffering heavy losses due to the truck strike. Due to bumper cane crops traders hope that the gur season will run up to May.

Weekend prices (per quintal) were: gur dhaia best Rs 175-182.50; dara Rs 160-170; balti best Rs 150-155.

Aggregate deposits decline

Bombay, March 15

Aggregate deposits of all scheduled commercial banks declined by Rs 5.14 crores to Rs 43,434.46 crores during the week ended March 5, 1982. Bank credit contracted by Rs 86.46 crores to Rs 29,690.53 crores. The balances of banks with the Reserve Bank of India (RBI) increased by Rs 139.30 crores to Rs 4,613.95 crores and their borrowings from the RBI increased by Rs 59.24 crores to Rs 768.81 crores.

Gold, Silver erratic

Bombay, March 15

An erratic trend in both gold and silver marked the trading in Bombay bullion market during past week.

Standard mint gold opened a
1,700 per gm and after witnessing
and downs closed at Rs 1,695 pe
gm. Ready silver (.999 fineness) w
opened at Rs 2,685 kg rose at Rs 2
per kg on March 11 and fell to c
at Rs 2,700 per kg.

If you are a
MANUFACTURER/EXPORTER/IMPORTER
you can't do without these
REFERENCE PUBLICATIONS

Register yourself with the Directorate of Publications, Customs and Central Excise to get regular information through the following publications (bilingual : English—Hindi).

		Annual Subscription
1.	All Customs & Central Excise notifications including Central Excise Tariff Advices	Rs. 350/-
2.	All Customs & Central Excise notifications including Central Excise Tariff Advices and quarterly compilation of all notifications	Rs. 374/-
3.	All Customs notifications only.	Rs. 175/-
4.	All Customs notifications and quarterly compilation of Customs notifications	Rs, 187/-
5.	All Central Excise notifications including Central Excise Tariff Advices.	Rs. 175/-
6.	All Central Excise notifications and quarterly compilation of notifications.	Rs. 187/-
7.	Quarterly compilations of Central Excise notifications incorporating all notifications issued during the quarter	Rs. 12/-
8.	Quarterly compilation of Customs notifications incorporating all notifications issued during the quarter	Rs. 12/-

This Directorate will also bring out the Central Excise Tariff Working Schedule and Customs Tariff Working Schedule shortly after the enactment of the Finance Bill, 1982.

For registration, write to the Administrative Officer, Directorate of Publications, Customs & Central Excise, Central Revenues Building, New Delhi enclosing a Demand Draft towards the subscription for the year 1982-83 for the publications for which you would like to register. These publications are mailed to the registered subscribers promptly. For further details please contact :

The Public Relations Officer,
DIRECTORATE OF PUBLICATIONS,
CUSTOMS AND CENTRAL EXCISE,
Central Revenues Building,
New Delhi-110 002

davp 81/360

Microfilming to save space

R,—I read with great interest your feature supplement fice equipment which appeared in your issue of February 982. Especially, the article on Microfilming to save space r. B. S. Choudhury was very thought provoking.

n this context I recollect the saying of Edwin C. Bliss in ook *Getting Things Done.* He states, "Excessive record- ing is a symptom of insecurity and defensive thinking. It ates that you are less concerned with attaining objectives you are with documentation, and that your thinking is nted to the past, not the present. 'If in doubt, throw it "

n the present saga of documents ruling the entire world main objective of record keeping is to maintain the relevant uments properly and RETRIEVE them when needed. To an example, in the banking industry, where records are l, one may observe in a busy branch of any bank, paper wn all over and ledgers with a deposit of a year's long dust rning the tops of steel cabinets making it impossible to e the doors.

Even though every record has its life, nobody either takes ecision either to destroy them or keep them safely. In this cess of indecision both important and unimportant docu- its get mixed up and perpetual sorting out of documents a team of workers becomes necessary.

In a country like India it may be argued that each and ry office cannot hope to maintain microfilm units. But it is ays possible to centralise such units to serve a set of office nches. Microfilming is absolutely necessary in a country like s where space is scarce.

Moreover the manpower used in tracing old records can better utilised for productive work.

Mr. Choudhury would have done well if he could also gest the cost benefit aspect of microfilming to save space.

M. Ramani
LCUTTA

Maharashtra levy on TV sets

SIR,—It is a dangerous precedent that the Government of aharashtra has set by seeking to impose an entertainment of Rs 100 on each TV set, which should strictly be within e Centre's jurisdiction.

The day will not be far off when radios, gramophones, pe-recorders could also be subjected to an entertainment x by state governments. In any case, a TV set already carries tax element of 48 per cent in its cost, apart from a licence e of Rs 50 per year.

Considering that a TV set has a normal life of ten years, e new tax would mean shelling out Rs 1,000/- over that eriod. Since TV is supposed to be a medium of education, hat is required is cutting down taxes on it and not increasing em in some form or other. Moreover, it will throw many nall scale TV makers out of business as the demand for TV ts is bound to slacken in the wake of such an unwarranted vy.

ijay Kumar
ombay

Earn up to
14% p.a.
Lombard
Fixed Time Deposits

1 Year Fixed Period 14%p.a.
2 " 13%p.a.
3 " 13%p.a.
4&5 " 12%p.a.

Minimum deposit £1,000 Interest paid annually.
The rates quoted are correct at time of going to press.

These are some of the benefits of a Fixed Time Deposit with Lombard:-
- Your funds will earn a good rate of interest which is fixed for the period of deposit.
- All interest is paid without deduction of tax at source.
- Your account is confidential.
- As Exchange Control does not exist in the United Kingdom your funds can be repaid anywhere in the world in Sterling or in any other currency.
- We are part of one of the largest banking groups in the world.

Other rates are available for 1-5 years with interest paid monthly, quarterly or half-yearly and for deposits at 3 months and 6 months notice of withdrawal.
For further details of our deposit facilities and current rates, simply post the coupon today.

Lombard North Central
Deposit Accounts

To:
LOMBARD NORTH CENTRAL LIMITED,
DEPT. 91, 17 BRUTON STREET,
LONDON W1A 3DH, ENGLAND.
Telephone: 409 3434.

NAME
(BLOCK CAPITALS PLEASE)
ADDRESS
"Dept. 91'

A member of the National Westminster Bank Group
whose capital and reserves exceed £1,800,000,000.

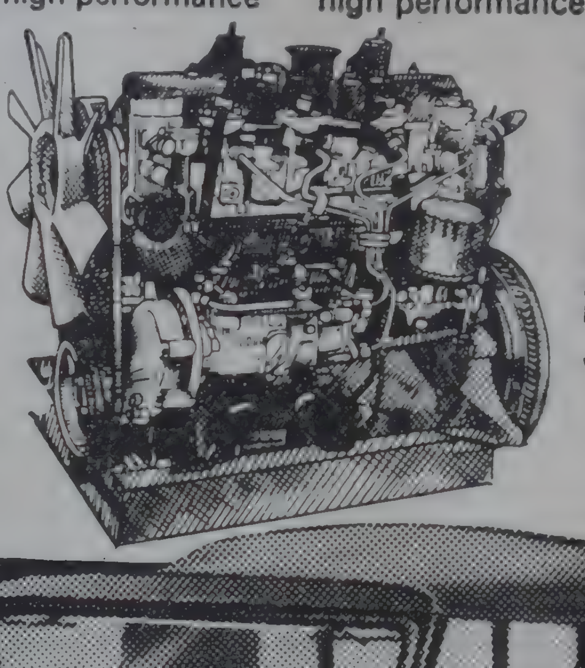
Mahindra now brings you the Peugeot XDP 4.9 a diesel engine of advanced design

Mahindra meets the challenge of the oil crisis, with a superb new, lightweight high performance diesel engine-the PEUGEOT XDP 4.90 with greater fuel efficiency.

This world-famous engine is now being assembled at the Mahindra plant.

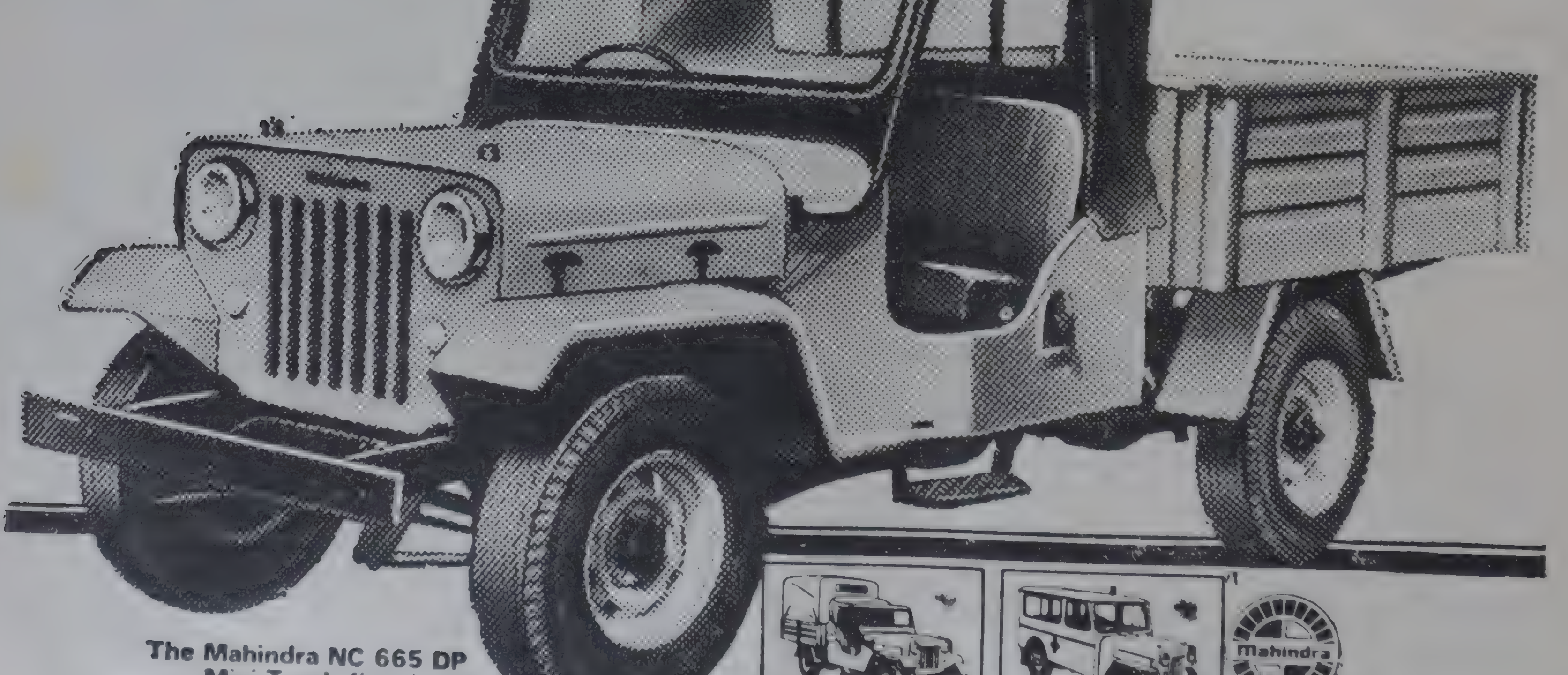
PEUGEOT XDP 4.90 will be fitted initially on the **Mahindra** NC 665 DP Mini Truck, Pick-up Van and Ambulance.

By far the most vital factor is the greater fuel efficiency of this lightweight, high performance engine.



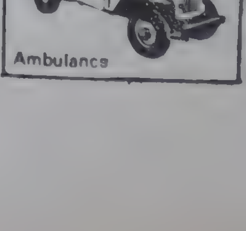
Engine Specifications :

No. of Cylinders	4
Bore-mm	90
Stroke-mm	83
Bore/Stroke ratio	1.08
Displacement-cc	2112
Compression Ratio	22.4:1
R.P.M. (max)	4500
Max. B.H.P.	75
Max. Torque Kg.m.	13.3 @ 2000 r.p.m.
Weight Kg.	184



The Mahindra NC 665 DP Mini Truck fitted with Peugeot XDP 4.90 diesel engine

Pick-up Van



Ambulance

Mahindra & Mahindra Ltd.

21 APR 1982
C.F.T.R.I., MYSORE

IN THIS ISSUE

COMMENTS

Editorials

525 Speculators abandon gold
526 Unremunerative cotton prices?
527 Oilseeds Development Board

COLUMNS

529 Editor's Notebook (Vadilal Dagli)
553 Eastern India today: Centre's no for atomic power station (P. C. Mahanti)

COVER STORY

531 Will oil price crash benefit India? (D. B. Mahatme)

SPECIAL ARTICLE

535 Bangladesh: Military rides again (Subhash Chandra Sarker)

SPECIAL REPORTS

537-542 Cess for sugar industry's development (Arvind Bhandari)
Karnataka budget: A deficit of Rs 101 crores
Haryana: Yet another tax-free budget
Faster decision on export credit and exchange control
Madhya Pradesh: Moratorium on overdraft repayment

FEATURES

Engineering Industry — Today and Tomorrow (A 40-page pull-out)
521 Letters: Microfilming to save space; Maharashtra's levy on TV sets
524 People: The Week
528 Letter from Sri Lanka: Second thoughts on international oil terminal
543 Crop and commodity survey: Record rice procurement achieved (Commerce Research Bureau)
554 Books & Ideas: Production Management (H. C. Upadhyay); Principles and Procedures of Claim Settlement in DI&CGCI (Raghu)

COMPANIES, STOCKS & COMMODITIES

560 **Market Gossip:** More concessions for banks?; Weaker rupee; Stainless steel being dumped.
561 Commodities

STATISTICS

564 Indian economy: Basic indicators

COMMERCE

Vol. 144 **No. 3694** **MARCH 27, 1982**

EDITOR: VADILAL DAGLI **ASSOCIATE EDITORS:** D. B. MAHATME; SUBHASH CHANDRA SARKER

Commerce Publications Ltd, Manek Mahal, 90 Veer Nariman Road, Bombay 400 020,
Telephone: 253505, 253562, 253392

Subscription rates: Inland—Yearly Rs 200 (Students and teachers Rs 115), Half-yearly Rs 115

Foreign Airmail—Asia and Africa (including South-East Asian and West Asian countries) £ 37, Japan Yen 21,418, UK and Europe £ 46, USSR Rouble 71, United States US $ 117.

PEOPLE

Mahida

Mazumdar

Shah

Tanner

Gupta

Mr. Narendrasingh Mahida, who took charge as the chairman of the state-owned Shipping Corporation of India on March 4, 1982, was an M. P. during 1962-71 and has been keenly interested in defence and shipping matters. As a member of the Estimates Committee in 1965-66, which reported on the conditions in major ports of India, he acquainted himself with shipping matters which helped him make definite contribution to the deliberations of the National Shipping Board as its chairman during 1967-69. He was also a director in Scindia Steam Navigation Co. Ltd.

Mr A. Mazumdar, managing director, Tractors India Ltd., Calcutta, has been elected president of the Indo-American Chamber of Commerce for 1982-83. Mr Mazumdar, who studied in the USA, obtained his B. Sc. (Engineering) in 1955 from Tulsa University. He worked with the oil exploration industry in the USA for some time before joining Standard Vacuum Oil Co in Calcutta in 1956. Mr Mazumdar moved over to Tractors India in 1960 and became its managing director in 1977.

Mr Pramod Shah, company secretary of ACC-Babcock Ltd., Bombay, has been elected to the governing council of Maharashtra Chamber of Commerce for a two-year term. He has also been awarded the first prize in the essay competition sponsored by the chamber on "Productivity—the key word for prosperity".

Mr J. W. Tanner took over as the managing director of Roche Products Ltd., Bombay, on February 11. Mr Tanner has been with the Roche group for the past 15 years and held important positions at Basle, the headquarters of the group, and also elsewhere in Europe and Africa. He succeeds Dr K. Ringer who has proceeded to Europe on another assignment.

Mr R. N. Gupta, joint divisional manager (publicity control) with India Tourism Development Corporation, started his career in Indian police service, but switched over to civil service in 1974 and worked for six years as a magistrate. Popularly known as Robin, Mr Gupta belongs to the West Bengal cadre of I. A. S. He has had a brilliant academic career in India and the USA and bagged many scholarships and awards. Robin is also a keen sportsman, with special love for polo, swimming, riding and tennis. He is also a writer and a lover of classical music and poetry.

THE WEEK

The Soviet Union has agreed to increase financial assistance for the Waidhan thermal power station by Rs 100 crores to Rs 400 crores.

An Engineering Export Promotion Council team will be visiting the East African countries in a bid to secure a share of the development projects aided by the World Bank in these countries.

The British Government will be increasing its share of financial assistance to the Paradip steel plant to cover the gap created by reduced French assistance.

The Union Government has approved the second phase of Tisco's modernisation programme involving a capital outlay of Rs 400 crores, including a foreign exchange component of Rs 50 crores.

The Reserve Bank of India has sanctioned Rs 80 crores to the Agricultural Refinance and Development Corporation for the purchase of tractors by users.

The Reserve Bank of India has withdrawn its stipulation to the banks that they should raise their cash reserve ratio (CRR) from the present 7.75 per cent to 8 per cent by April 30, 1982. Accordingly, the banks would continue to maintain their CRR at 7.75 per cent of their total time and demand liabilities.

China has tendered for the supply of aluminium conductors for the super thermal power projects being set up by the National Thermal Power Corporation.

The Gujarat State Fertiliser Corporation (GSFC) has cut its production of caprolactum by half because of falling offtake in the domestic market.

The Andhra Pradesh budget, presented to the state assembly on March 19, shows a net deficit of Rs 29.19 crores.

Mizoram's Rs 91.48 crore budget, presented to the Union Territory's assembly on March 19, proposed no fresh taxes.

Wholesale price index

At 275.0, the latest available wholesale price index for all commodities for the week ended March 6, 1982 showed a fall of 0.3 per cent over the preceding week. However, at this level, the index showed a rise of 2.0 per cent over the year.

Money Tight

Conditions in the Bombay short-term money market were tight as of Monday(March 22, 1982). In the inter bank call money section both notified and commercial funds were renewed at ten per cent. Fresh money was also transacted at ten per cent. The market closed at ten per cent.

COMMERCE

MARCH 27, 1982

SPECULATORS ABANDON GOLD

ETWEEN January 1981 and February 1982 the highest price of gold in the London market came down from 00 per ounce to $ 385 per ounce. There was a contrary nd in the Bombay market, where the highest price of gold se from Rs. 1,700 per 10 gms in January 1981 to Rs. 1,765 in bruary, 1982. A similar trend was noticeable in the movement the lowest price of gold during the period between January 81 and February 1982 in the two markets. The lowest price gold in the London market declined from $491 per ounce January 1981 to $362 per ounce in February 1982. On the her hand in the Bombay market the lowest price rose from 1660 per 10 gms in January 1981 to Rs 1,695 per 10 gms in ebruary 1982. In March 1982 the prices of gold registered a arp fall both in the London market and in the Bombay arket. However, because of the contrary movement in the ices of gold in the London and Bombay markets during the eceding period of a year, the price differential of gold in the o markets widened from an estimated Rs. 163 per 10 gms. ased on the highest prices in London and Bombay) in January 81 to an estimated Rs. 620 per 10 gms in February 1982. On arch 22, the differential stood even higher, the Bombay ice being higher by Rs 646 per 10 gms than the London price gold.

This growing price differential has encouraged smuggling gold into India. A renewed demand has been made by the epresentatives of the bullion trade for permitting the import f gold to neutralise the smuggling activity. However, to the xtent that gold is not an essential commodity there is no cope for removing the existing prohibition on the import of old. It would be unwise to overlook the fact that even in the ffluent oil-rich countries of West Asia holders of gold have und it necessary to divest themselves of their gold holding - which indeed has been cited as one of the contributing actors behind the current decline in the price of gold in the ondon market. Obviously there cannot be any justification or further burdening adverse balance of trade of this country y resorting to the import of gold, which has no productive se. So far as the country's industrial requirement of gold is oncerned the indigenous production is more than enough.

The fall in the gold price in the London market led to enewed pressure on the prices of base metals. On March 8 copper high grade dropped by £ 18.25 to £ 821.05 a tonne; cash lead also fell heavily losing £ 20 to £ 329.5 a tonne. Tin prices, however, remained unaffected, it was believed, by support buying on behalf of the International Tin Council buffer stock. An idea of pressure on gold prices was provided by the fact that on March 4 the volume of gold sales on the Commodity Exchange in New York was 60,000 contracts or 6 million ounces. The fall in the price of gold in the London market was reportedly caused by the unloading of the metal by South Africa, Soviet Union and Iran. The fall to a fresh two-and-a-half-year low (to $ 313 an ounce on March 17) was also attributed to the sales of gold by West Asian investors, both individuals and central banks. Among other countries reported to have been selling gold were Romania and Singapore. Both the Soviet Union and Iran took the unusual step of denying blame for the fall in gold prices. The Bank Markazi, central bank of Iran, said that it had not sold "even one ounce of gold in recent weeks". The bank characterised reports to the contrary as "unfounded rumours and totally false speculations". The Foreign Trade Bank, which directs gold sales of the Soviet Union, requested on March 5 one international bank, with which it deals, to state that Moscow had not made any net sales of gold during the preceding three weeks. The Soviet Union, which was selling gold in the middle of February, was believed to have halted the sales recently, partly because of the credit arrangements it succeeded in concluding for wheat purchases from the United States and Australia. The Soviet gold sales ranged between 50 and 80 tonnes in January and February this year.

There was no doubt that the nosedive in the gold prices was also caused by economic recession in many countries. As one gold trader in New York observed, "The fact of the matter is that there is deep recession out there (West Asian countries), so why own a piece of gold which doesn't yield anything when you can get nine per cent interest and better liquidity (in money markets)?"

The downward trend in the oil prices in the international markets was caused by high interest rates and sluggish world growth and these are the same factors which have hit gold. The oil states as a group are now again net borrowers from the international banking market. The rapid reduction of the OPEC surplus has not only stopped the flow of oil money into the world market, which helped sustain the price of gold over the last two years, but has also prompted several West Asian countries to liquidate some of their holdings of gold even at a great loss simply to pay the bills. Iran and Iraq, the two countries, which were selling gold in February this year, had made large purchases of bullion during 1979-80. Iran is believed to have utilised about 35 tonnes out of its holdings of 60-90 tonnes of gold stored in Europe, in collateral deals and the rest is being sold and may be exhausted. There are possibilities that Libya and Indonesia as well as other OPEC members whose purchases of gold had pushed up the price of the precious metal in January 1980, may also be obliged to sell gold if their finances continue to deteriorate.

The decline in gold prices would perhaps have been even stronger but for the fact that the Japanese investors had been buying gold and thus sustaining its price. The Japanese buyers were stocking up gold and other precious metals in advance of law changes that would make it more difficult for them t hold deposits against assets anonymously. Thus the Japane purchases of gold were not expected to be a long-ter phenomenon. The evidence is unmistakeable of a flight fro gold over a wide area involving a number of countries of th world. Speculators have come to rue their fate in hoardin gold. The only exception to this rule seems to be India wher gold seems to continue to attract attention — revealing a aspect of the country's economy which is baffling.

Unremunerative cotton prices?

THE cotton textile industry is passing through a difficult phase and this is affecting the fortunes of cotton growers. During the last cotton season the industry had all along been complaining of high prices, but since January this year there has been a perceptible fall in cotton prices. Between mid-March 1981 and mid-March this year some of the varieties have become Rs 1,000 to Rs 1,200 cheaper per candy. Digvijay was selling at Rs 4,200 to Rs 4,400 compared to Rs 5,000 to Rs 5,050 last year. Saurashtra CO2 at Rs 3,350 to Rs 3,400 compared to last year's Rs 4,400 to Rs 4,450, Shankar-4 at Rs 4,450 to Rs Rs 4,900 compared to Rs 5,800 to Rs 6,200 and MCU-5 Guntur at Rs 4,700 to Rs 4,800 compared to Rs 5,800 to Rs 6,750. As a result of the steep fall in cotton prices arising from poor offtake, the growers, it is estimated, have lost about Rs 100 crores to Rs 110 crores. For the industry the situation has been complicated not only by the sluggishness in the cloth market for months together but also by the fact of the indefinite strike in all the 60 mills in Bombay on the issue of wages and service conditions and in a majority of the mills in Kerala on the bonus issue. There is little that the cotton textile industry can do in the circumstances to help the cotton growers.

Naturally the growers are worried and the farm lobby has been quick to pressurise the concerned authorities to permit export of long staple cotton. The government had also responded to appeals of cotton growers for assistance with an assurance against any restrictions on the exports and the Minister for Commerce has also promised to promote exports. The Congress (I) members who raised the question in the Lok Sabha had spoken of the failure of the government to increase the guaranteed price under the cotton monopoly purchase scheme in Maharashtra and the disinterest shown by the Cotton Corporation of India in Gujarat and Punjab to protect the interests of growers. The Maharashtra State Co-operative Marketing Federation has already contracted to export cotton amounting to 1.40 lakh bales comprising varieties 1007 and H-4. This quantity has been sold at around Rs 150 per candy cheaper than the local market prices. If bigger exports materialise, there could be the revival of the varietal imbalance that had caused so many problems for the mill industry last year. There is need to exercise great caution before the government permits exports on a large scale. At the same time it has to be recognised that in the interest of keeping the cotton economy on an even keel, no step should be taken to bring about an avoidable indifference on the part of the growers in the cultivation of cotton which would be a greater disaster.

Actually the export deal entered into with Romania by th Maharashtra Federation cannot be said to be in the intere of the cotton cultivators or of the exchequer. Possibly, if th cotton was made available to the domestic mills at the sam attractive rate, there could well be a number of buyers amon the mills or traders. The Maharashtra Federation could argu that cotton has softened in the world market and even Suda has lowered its prices recently. This is not to be denied but underlines the point that cotton exports should be confine to those varieties for which there is keen demand from overse buyers, who are in a position to pay a price that would stimulat the cultivation of the right type by the Indian farmers. I thought-out *ad hoc* measures to tide over a temporary cris could do more harm than good to our economy as a whol irrespective of whether there is a setback in the offtake cotton arising from mill strike.

Informed cotton opinion is that cotton prices have decline sufficiently low and there should be a recovery soon with th mills outside Bombay, particularly in the south, extendin selective support. Tamil Nadu is, however, once again in th grip of a power shortage precluding mills there from purchasin cotton up to their normal needs. Some sections of the mi industry, however, feel that there is still room for a 10 pe cent fall in cotton prices before a real stimulus to boost offtak could manifest itself. But a further 10 per cent fall coul really create a panic among cotton growers and the far lobby.

The Agricultural Prices Commission (APC) is also currentl grappling with the problem of price fixation so that the cotto cultivators will retain their interest in growing better qualit cotton with higher yields. Reportedly the Commission recommendations on the support prices for cotton for 198 82 season have not found favour with the Commerce Ministr and the question is still hanging. Details of APC's recommendations to increase the cotton support prices are not known and the fear is, in the absence of a new support price, ther will be a further retreat in cotton prices. The Cotton Advisor Board (CAB) had estimated a total availability of over 96 lak bales (of 170 kg each) with opening stock on August 1, 1981 standing at 16.35 lakh bales. Requirements of the mill industr were put only at 73.50 lakh bales and even the total disappearance at 79.50 lakh bales. With Bombay mills closed for tw months and mills in Kerala over a longer period, the consumption of the mill industry over the year could go still lower tha the 73.50 lakh bales and this could well mean that cotto ices which have declined by Rs 500 to Rs 600 per candy ring this season alone would go down further. The mill dustry might welcome it but the impact of the depressed ices on plans of farmers for next season's cultivation cannot predicted.

The government is thus faced with a dilemma but mainly, has to thank itself for the situation that has developed. If stead of remaining a passive observer of actions of irresponble labour leaders to bring a large segment of the cotton extile industry to a halt it had shown some initiative to bring ense to these leaders, the cotton growers would not have een put in such a plight nor the textile industry and its orkers. In Bombay where the strike is on since January 18 emands have been pitched so high that the industry will ave to face additional burden of Rs 115 crores to Rs 120 crores a year if it concedes all these demands. Neither the government had taken any initiative for the building up of a buffer stock for which the Indian Cotton Mills' Federation has been pleading all along. The creation of such a stock would have evened out sharp price fluctuations and both the growers and the industry would benefit. The Cotton Advisory Board, which is representative of the government, industry, growers and traders, could well be asked to make an urgent reassessment of the cotton situation and draw up a fresh balance sheet of demand and supply to find out whether the government could go ahead with the building of a buffer stock. A positive strategy could well help the growers while ensuring that the mill industry has not to pay high prices for its essential raw material, which, in any case, it cannot do because of the difficult situation it is passing through.

Oilseeds Development Board

THE suggestion for the constitution of an autonomous oilseeds board — with representatives from government, rowers, industry, trade and technologists — which has been ut forward by Mr Adi Godrej, president, the Central Organisaion for Oil Industry and Trade at the third all-India seminar n rabi oilseeds crop held in New Delhi, is a very timely one. Although oilseeds occupy the second most important place in gricultural production, next to cereals, India has to import il and fats in large quantities, creating pressure on the scarce foreign exchange reserves of the country. The production of ilseeds in the country increased from 5.2 million tonnes in 1950-51 to 10 million tonnes in 1978-79, registering an annual rate of growth of 3.2 per cent in foodgrains production and 3.1 per cent in agricultural production over the same period. In other words the production of oilseeds has grown at a much slower pace than foodgrains and agricultural production in general.

The five major oilseeds grown in the country are groundnut, castor seeds, sesamum, rapeseed and mustard, and linseed. Among other important oilseeds are safflower, nigerseed, cottonseed and coconut. Of the total production of about 10 million tonnes of oilseeds (excluding cotton seed and coconut) in 1978-79 nearly 64 per cent was accounted for by groundnut alone, mustard and rapeseed accounting for another 19 per cent. These two oilseeds — groundnut and mustard — thus dominate the oilseeds position in this country, together accounting for as much as 83 per cent of the total production of oilseeds. Another 10 per cent of the total production is accounted for by sesamum and linseed which contribute about five per cent each to the total production.

Groundnut, which contributed 64 per cent of the production in 1978-79, accounted for 43 per cent of the cropped area of the oilseeds, while mustard, which accounted for 19 per cent of the production, was grown on about 20 per cent of the cropped area. Sesamum was cultivated on 14 per cent of the cropped area. Cottonseed was grown on 8.1 million hectares producing 2.7 million tonnes. The seven oilseeds together with cottonseed accounted for an area of about 25 million hectares or about ~~15~~ per cent of the total cultivated area in the country in 1978-79; coconut was grown over an area of one million hectares, the production was 5471 million nuts.

The Government of India had launched in 1969-70 a Centrally-sponsored scheme called intensive oilseeds development programme with a view to increasing the production of oilseeds in the country. The programme sought to popularise the basic oilseeds production technology by way of improved varieties of seeds, fertilisers recommendation and plant protection schedules. An evaluation of the oilseeds development programme, undertaken by the Programme Evaluation Organisation (PEO) of the Planning Commission, brought out that the adoption of recommended practices by cultivators in respect of improved seeds and inter-cultural operations was quite encouraging. Small cultivators (below two hectares) had secured higher yields than those by the big cultivators in respect of two major oilseed crops, groundnut and rapeseed-mustard. The study, however, brought out that oilseeds development programme had suffered from the lack of a coordinated approach based on sustained effort. There was too much of *ad hocism* so that the approach, programme content, emphasis, incentives offered, etc were often changed impeding the smooth progress of the scheme.

There was again lack of coordination between the schemes introduced by the Central Government and the schemes operated by the state governments. This resulted in dual standards, sometimes within the same district, with regard to rates of incentives offered and allocation of funds and the provision of staff. The organisational support to the scheme was not the same everywhere and varied from State to State and also within the State as between the Central scheme and the state scheme. There were technological and economic constraints which were not overcome. Not enough of research was made for the development of oilseeds and the crop was grown mostly in rain-fed areas and very little irrigation facilities were available for the cultivation of the oilseeds. The evaluation brought out that existing technology fell short of the requirement specially in respect of high-yielding variety of seeds which are to be cultivated in drought conditions. Unless there is an organisation exclusively devoted to the development of oilseeds their problems are not likely to receive the attention due to them. A properly constituted oilseeds board can go a long way towards fulfilling this need.

LETTER FROM SRI LANKA

Second thoughts on international oil terminal

From Clarence Fernando

COLOMBO

THE Sri Lanka Government is having second thoughts about its proposed, controversial deal with the giant, US-based Coastal Corporation of America to set up an international oil terminal in the country's east coast port, Trincomalee, which is one of the world's five big natural harbours and one of the strategic ports in this region. It is also a port which any great, world power would give its right eye to get a toe-hold in. Today, more than five months after the deal was approved by the Sri Lanka Government, the draft agreement has not been signed. Informed circles say the Government is taking a long, hard look at the proposed deal following several offers from other American firms and also from firms in West Asia.

The first announcement that the Sri Lanka Government had approved the setting up of an international oil tank farm in Trincomalee was made last October by Cabinet spokesman and the State Minister for information and broadcasting, Mr Anandatissa de Alwis. He said that the government had approved a draft agreement between the state-owned Ceylon Petroleum Corporation (CPC) and Coastal (Lanka) Ltd, a wholly-owned subsidiary of Coastal America Ltd and Coastal Bermuda Ltd of Singapore, which were acting as promoters. Since the announcement was made, there have been strong criticisms of the proposed deal by Sri Lankan opposition political parties which have charged that allowing the giant US-based Coastal Corporation to set up an international oil tank farm amounted to giving America, a super power, a base in a strategic Indian Ocean port. It was also a violation of the country's non-aligned foreign policy, they say.

Opposition political parties here including the Trotskyists and communists, the separatist Tamil United Liberation Front (TULF), which is agitating for a separate state in Sri Lanka for the country's Tamil minority whose traditional homes are in the northern, and the eastern provinces, and the splintered groups of the Freedom Party of former Prime Minister, Mrs Sirimavo Bandaranaike, all say that the proposed deal is a clear indication that the Government is moving away from its professed path of strict neutrality in international affairs. The TULF has another reason for its protest. Trincomalee lies in the Eastern province, a traditional homeland of the Tamil speaking people and one area they dream their dreamland of Eelam will encompass when it becomes an accomplished fact.

The Sri Lanka Government has rejected the opposition charges as baseless. Explaining the position, ministers have said that Trincomalee is being developed as a commercial port and that ships of all nations are free to call there and avail themselves of the facilities it provides. The Government has also made it very clear that at all times, both during times of peace and war, Coastal (Lanka) Ltd would have to abide by all directions given to it by CPC for the purpose of national security, the defence of the country and maintaining its foreign policy of non-alignment and friendship with all countries.

> **An important clause in the draft agreement was that Coastal should have to comply with all directions given to it by the CPC at all times for the purpose of the country's security and defence and the protection of its foreign policy**

Mr Alwis made this position very clear when he gave details of the draft agreement last October. "An important clause in the draft agreement was that Coastal should have to comply with all directions given to it by the CPC at all times for the purpose of the country's security and defence and the protection of its foreign policy", he said.

The tank farm project is estimated to cost $ US 4 billion. Coastal will use 97 oil storage tanks, each with a capacit of 10,000 tonnes, built by the Britis during World War 2 to set up the tan farm. The tank farm which will cove about 637 acres in China Bay, Trincoma lee will provide storage facilities for petrc leum products — crude and refined — other hydro-carbons, vegetable oils, so vents, petro-chemicals and allied prc ducts.

The draft agreement also stipulate that Coastal should undertake blendin of petroleum and other products, an provide storage space for neighbourin countries. The tank farm is also intende to provide bunkers to vessels belongin to Coastal and its affiliates and to vesse chartered by it. Criticisms of the propose deal by opposition political parties rage for some months and the heat they ha generated had begun to die down whe the state-run *Daily News* announced th the proposed deal had been called off.

Quoting the CPC chairman, Daha Wimalasena, the *Daily News* said the had been a long delay in signing th agreement because various clauses r garding tax exemptions for Coastal a its expatriate employees had to be cla fied. The deal was off, the paper sai But Industries Minister, Mr Cyril Math subsequently said that the deal had n been called off and that it was being examined in the light of other offers fr interested firms in the US and the G States. The government would acce the best offer, he added.

EDITOR'S NOTEBOOK

Vadilal Dagli

Cult of sub-standard

HE greatest tragedy of India, in my view, is the emergence of the cult nefficiency. If you are efficient then are a flop in the corridors of power. s was aptly demonstrated by the ection of chief ministers by Mrs ndhi in several states. Mr T. Anjiah s selected as the Chief Minister of dhra Pradesh because he was known be a very ordinary administrator. His cessor, Mr B. Venkataram, has been ected because he is also as administra- ely colourless as his predecessor. The ent resignations of a few M.L.As. in dhra Pradesh is an index of the disgust it is spreading in the ruling party over selection of state leaders. The same ry was repeated in Maharashtra. Mr tulay was a controversial chief nister. Because of his self-proclaimed rruption he had to go. Who should ve taken his place? The most inefficient ong the lot was sought out. Babasaheb osale may be a good Congress worker t as far as administration is concerned, eryone knew that he is a non-entity. t then it suited the style of Mrs Gandhi.

The same thing is happening in New elhi where the central cabinet is the akest in terms of talents since indepen- nce. Mr Venkataraman was shifted om Finance to Defence because he had ade a mark as Finance Minister. He is instrumental in persuading the IMF give a massive line of credit to India. e was also getting a reputation of being efficient and uncorrupt minister. This is his disqualification. So he was shunt- out to Defence and a relatively junior an was brought to Finance. All these cidents are not isolated phenomena, it a part of political strategy where efficiency is rewarded and efficiency emonstratively punished. Is it any onder that today administration in most the states is in a shambles and the onomy, despite favourable weather onditions and improvement in infra- ructure is unable to move forward? Is any wonder that Mafia labour leaders ve become the real rulers in the states d the government is looking on help- ssly at their ruinous vandalism?

Business disillusioned

THE darling of American capitalism, President Reagan, is now being criti- ised for his failure to reduce government spending (which was his main slogan in the presidential election) and his policy of high interest rates which not only harm American housing and automobile industries but also America's European partners like Germany and France. A recent poll in the Wall Street covering some 400 investment bankers showed that, instead of 67 per cent who said earlier that they approved of Reagan's performance in handling the economy, those approving dropped to 41 per cent. The president of the American Stock Exchange, Mr Arthur Levitt Jr, declared that these results show that "while there isn't yet a run on Reaganomics, the signals have definitely changed from an enthusiastic buy to something between hold and sell". He said that the single most important factor was the budgetary deficit which would now exceed $ 100 billion during the current fiscal year. As a result of Reagan's policy the business community was asking him to cut his defence spending. This led to a firm rebuke from Mr Reagan to his buddies in big business. He told a manufacturers' association: "Let me be honest with you, I've been a little disappointed lately with some in the business community who have forgotten that feeding more dollars to government is like feeding a stray pup. It just follows you home and sits on your doorstep asking for more".

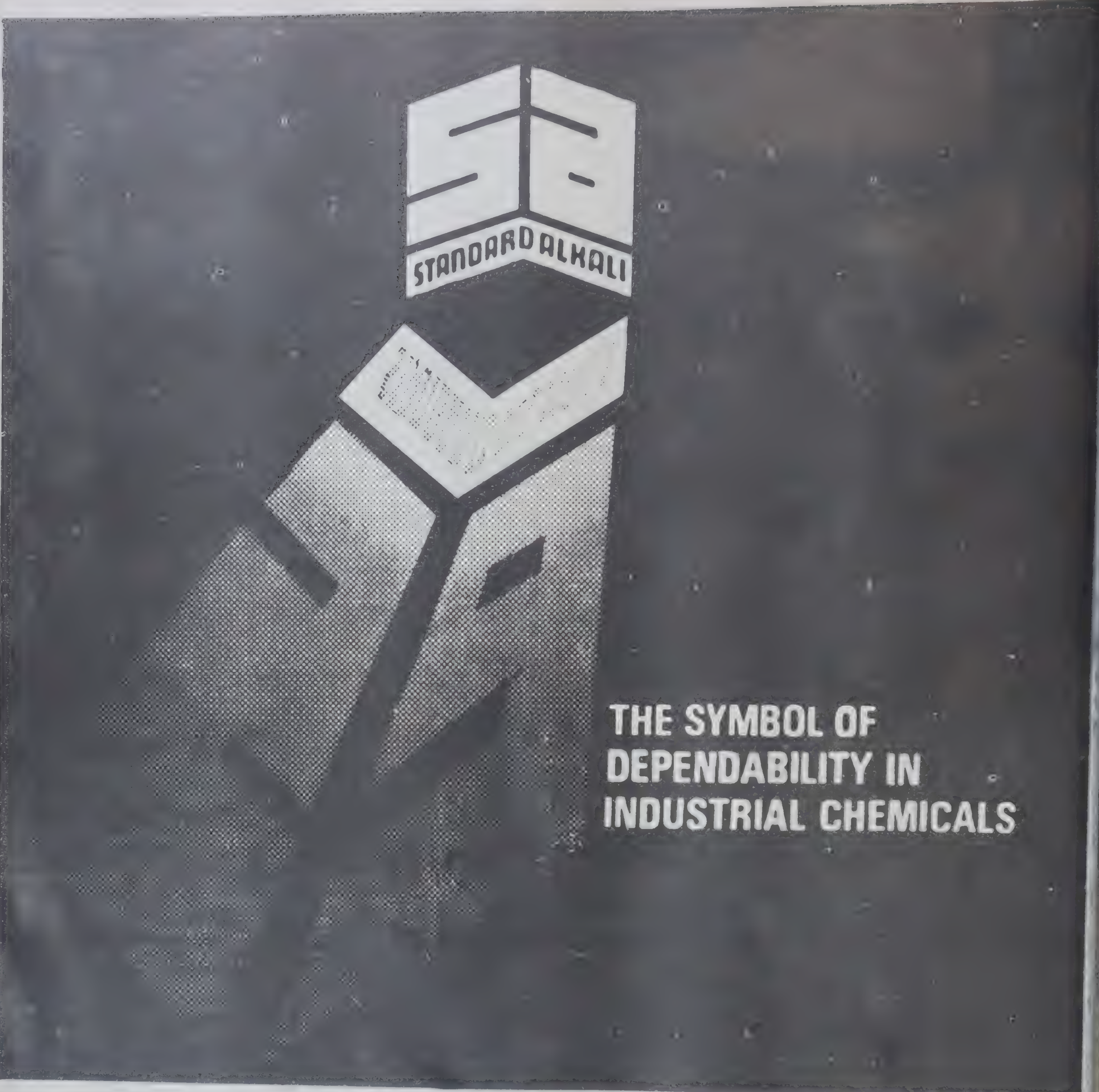
Lowest jobs for women

A leading trade union of government servants in England has accused Mrs Thatcher's Government that it is discriminating against women civil servants in such a way that women are mostly found in lower paid government jobs. The Society of Civil and Public servants has published a pamphlet which revealed that women in government service account for only four per cent of the most senior grades with none at permanent secretary level, four as deputy secretary and 27 at under-secretary level. Women account for nearly 80 per cent of clerical grades and 100 per cent of secretarial grades. In other words, there is not a single woman for the top administrative post — permanent secretary — but the lowest paid secretary is invariably a woman.

Kripalaniji

ACHARYA Kripalani, who died in Ahmedabad on March 19 at the age of 94, was an incredible amalgam of constructive worker and Gandhian thinker of dazzling brilliance. His life symbolised the rise and decline of Gandhism in India. He joined Gandhiji as a young man in 1920 and took up constructive work. He served as general secretary of the Congress from 1934 to 1946. On the eve of independence, Acharya Kripalani became Congress President, but he soon resigned because he wanted that the organisational wing should have primacy over the parliamentary wing. This was sensible but impracticable because two most outstanding leaders of the Congress party — Jawaharlal Nehru and Sardar Patel — were in government. A few years later he resigned from Congress and launched a new political party called Krishak Mazdoor Praja Party, which merged into the Praja Socialist Party (PSP). He also left the PSP and became an independent Member of Parliament. Kripalaniji played a great role of keeping the dim light of dissent alive during the emergency of 1975-77. As an old colleague of Gandhiji and Nehru, he lamented the fact that "even basic decencies were wiped out during the emergency". Soon came his finest hour when he along with Mr. Jayaprakash Narayan helped unite the different parties which emerged as the Janata Party under the leadership of Mr Morarji Desai.

Kripalaniji married in 1936 Prof. Sucheta Mazumdar, who was one of the outstanding women leaders in her own right. Sucheta Kripalani became the Chief Minister of Uttar Pradesh and at times politically differed from her husband. But they were a unique couple. *Sucheta — The Unfinished Biography* (Navjivan Publishing House, Ahmedabad, 1978, pp. 265, price Rs 15) gives a glimpse of not only Sucheta Kripalani's life but that of Acharya Kripalani as well. When Janata Party came to power, at the victory rally he made the following observation: "We are damned politicians, not spiritual leaders. People take us to be human beings. We are self-seeking. We are all made of clay. Our ambitions are great. Do not put us on pedestals". He articulated the anguish of the common man with moral authority. His death has silenced a rare voice of conscience of the people of India.


STANDARD ALKALI
THE SYMBOL OF DEPENDABILITY IN INDUSTRIAL CHEMICALS

STANDARD ALKALI

For over a decade, Standard Alkali's products have been known for their superior quality and competitive prices.

Our customer list includes just about every important name in the industry today.

Coming to think of it, Standard Alkali has become synonymous with dependability.

Products on tap from Standard Alkali—Hydrochloric Acid, Caustic Soda, Caustic Potash, Potassium Carbonate, Chlorine, Carbon Tetrachloride and Chloroform.

STANDARD ALKALI

Chemicals Division, The Standard Mills Co. Ltd.,
Mafatlal Centre, Nariman Point, Bombay-400 021.
Tel: 231823—Telex: MGMC IN 11 4240-4241—Telegram: Standchlo

PRESSMAN

COVER STORY

Will the Hindustan Petroleum refinery get cheaper imported oil?

Will oil price crash benefit India?

By D. B. MAHATME

FOR the first time the 13-member Organisation of the Petroleum Exporting Countries *(OPEC)*, which since 973 had converted itself into a price xing machinery for crude oil, has been orced to agree on a production ceiling n an attempt to reverse the trend of alling prices. *OPEC* has now set an effecive ceiling of 17.5 million barrels a day, though the official annuncement after the meeting of March 20 refers only to a production limit of 18 million barrels a day. But Sheikh Ahmed Zaki Yamani, the Saudi Minister for Oil, announced that his country's production would be brought down to seven million barrels a day from 7.5 million barrels, and he hoped the "freeze" of $ 34 a barrel as a reference price will continue until the end of 1983. *OPEC* is holding another conference in Ecuador on May 28 where presumably it will review how the scheme has worked.

Prices of crude oil in the world market have been dropping since the beginning of this month though there has been a glut in the oil market for almost a year. The reference price of $ 34 a barrel for Saudi Arabian crude was also fixed only in last November in the face of a glut and pressures that had been developing on the oil producers to lower their prices. At that time Japanese buyers and British Petroleum had threatend Iran and Kuwait with not lifting crude from these countries if a high price had to be paid and Iraq had already cut its oil price by $ 2 to $ 34.93. So, *OPEC* agreed to unify the prices on the basis of $ 34 per barrel and to freeze the price until the end of 1982.

Obviously this has also not worked. Saudi Arabia continued to contribute to the oil glut by maintaining its production at a little more than nine million barrels a day, though recently it brought it down to 7.5 million barrels a day. But even the recent depleted *OPEC* production of 20 million barrels a day, (compared to the output of 32 million barrels a day in 1979) was surplus to the world needs. The International Energy Agency *(IEA)*, set up by the Organisation for Economic Co-operation and Development *(OECD)*, has estimated that the consumption of crude and petroleum products dropped by between five and seven per cent in 1981, with the organisation's member industrialised countries suffering from a recession since the 150 per cent rise in crude oil prices two years ago. The United States imports of crude oil itself have fallen by more than half over the last three years. Global production of oil showed a comparable decline and, according to the well-informed *Petroleum Economist*, was down by 6½ per cent in 1981 to about 2.85 billion tonnes of crude and gas liquid. *OPEC's* output itself had sagged by 16 per cent following a 10 per cent drop in 1980.

COVER STORY

Fall in energy consumption

The fall in energy consumption in the developed countries and the needs of such a war-ravaged country as Iran, however, started bringing the prices down. Oil was reportedly sold in the spot market at $ 4 to $ 6 below the official prices and Iran was said to have sold oil even at $ 25 per barrel. Early in March, the British National Oil Corporation also cut its price for the high quality North Sea oil by more than 10 per cent from $ 35 to $ 31 a barrel and the expectation was that African producers like Nigeria, Algeria and Libya would come under immediate pressure because of the British action.

Will production ceiling work to maintain the reference price at $ 34 per barrel? The *Middle East Economic Survey* has published figures for the new estimated maximum output of individual *OPEC* members which put Iran's output at 1.2 million barrels a day, as also that of Iraq at the same figure. But the Iranian Minister for oil, Mr Mohamed Gharazi, said on the eve of the March 20 meeting that his government intended to increase its exports to 1.7 million barrels a day to satisfy the country's budgetary requirements for the financial year just beginning. If this comes about, it is obvious that the *OPEC* scheme of production ceiling for each country will not work and if Iran increases its exports, other countries such as Iraq and Nigeria (1.3 million barrels each a day) may also seek to improve their exports. In all probability the price structure will then not be held unless Saudi Arabia slashes its production by a further two million barrels a day.

OPEC's spokesmen have hinted at the possibility of further cuts in production, if necessary. But in all probability what will come about is, as many experts have predicted, the reference price of crude produced by the members of the *OPEC* could fall to about $ 30 a barrel and spot prices still lower. In seeking to maintain the reference price of $ 34 a barrel *OPEC* had also decided to set a maximum differential for premium on North African crudes of $ 1.50, which means that crude oil by Nigeria, Algeria and Libya would be sold at $ 35.50 a barrel compared with official rate of $ 36to $ 37.50 a barrel. But again, with the British National Oil Corporation selling its oil under contract for $ 31 a barrel, a price much lower than that accepted by *OPEC* for the premium North African crudes, the Nigerian, Algerian and Libyan crudes should also come under pressure. *OPEC has* expressed the hope that the North Sea crude prices would be raised and the oil again sold at $ 35 per barrel but there are no immediate indications of such a British response.

Uncertain situation

The situation on the oil price front is thus uncertain. It has been speculated, however, that if the industrial economies, which faced a deep recession that cut the oil demand by five to six per cent, as stated by the IEA, were to recover and the activity pushed up, there could be a substantial recovery in oil demand. Also the possibility is not ruled out of
companies replenishing their stocks a
faster rate than in 1981. Last year stoc
were used up at 300,000 barrels a d
and in 1982 oil companies may repleni
their stocks at a rate equal to 500,0
barrels a day to keep the petroleu
system working efficiently. Saudi Arab
will play a key role. If, as stated by Shei
Yamani, the country is keen on "freezin
the prices at $ 34 a barrel, it may redu
its output further, though Riyadh h
given no definite signals.

India's import bill

The fall in international oil prices sho
normally help the developing countri
whose import bills have been rising f
and causing strain. Some reports ha
suggested that for some 80 or 90 countr
of the Third World, which are net impo
ers of oil, every $ 1 drop in the oil pri
per barrel should cut their import bi
by $ 1,500 million. Among these countri
to benefit are listed the newly industrial
ing nations of Brazil, South Kore
Taiwan and Singapore, whose net
import bills had more than doubl
between 1978 and 1980, from $ 10,0
million to $ 23,000 million. These repo
have also said that India was another b
developing country to gain quite mar
edly from the fall in prices since it d
pends on imports of crude and petroleu
products to the extent of 60 per cent
meet its energy needs. This gain for Ind
will certainly be there if there is, as
widely expected, a fall in the referen
price of Saudi Arabian crude and fall
contract prices for oil.

India's dependence on imported crude

(Million tonnes)

Year	Domestic production of crude oil	Imports			Total availability (1+4)	Imports as per cent of total availability	Production of coal (including lignite)
		Crude	Petroleum products	Total			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1973-74	7.19	13.95	3.63	17.58	24.77	71	81.8
1974-75	7.68	14.49	1.72	16.21	23.89	68	91.6
1975-76	8.45	13.62	2.22	15.84	24.29	65	102.7
1976-77	8.90	13.90	2.68	16.58	25.48	65	105.0
1977-78	10.76	14.51	2.88	17.39	28.15	62	104.6
1978-79	11.63	14.66	3.88	18.54	30.17	61	105.2
1979-80	11.77	16.12	4.72	20.84	32.61	64	106.8
1980-81	10.51	16.25	7.25	23.50	34.01	69	118.8
1981-82 (likely)	16.00	15.40	5.47	20.87	36.87	57	124.0
Compound annual growth rate between 1973-74 and 1981-82	10.5	1.2	5.3	2.2	5.1		5.3

India's import bill on account of crude d petroleum products has risen steeply ce the oil prices started moving up. om a bill of Rs 204 crores in 1972-73, e figure rose to Rs 1,687 crores in 1979- and to as much as Rs 5,587 crores in 80-81. The bill is estimated to come wn to Rs 5,200 crores in 1981-82. digenous production of crude oil has en increasing, and, in 1981, it is estiated to have risen to 15 million tonnes om 9.404 million tonnes in 1980. The 81 and 1980 figures, however, are rictly not comparable since in 1980 ssam's oil production was almost at a andstill. Based on 1981 production of million tonnes the expectation is that uring the financial year 1981-82 producon will have risen to 16 million tonnes. ven then imports will have been of the rder of 15.40 million tonnes of crude il and 5.47 million tonnes of petroleum roducts, adding up to a total of 20.87 illion tonnes of crude oil and petroleum roducts against 23.50 million tonnes in 980-81. During the current year imports re expected to be lower at about 14 illion tonnes of crude and 3.5 million nnes of petroleum products. The direct aving because of the lower imports has een estimated at over Rs 1,000 crores. f there is a fall in the reference and ontract prices, the gains to the country hould be much bigger.

dherence to contracts

It has been emphasised by New Delhi fficials that this country will not go in or spot market purchases and will adhere o the contracts already signed with Iran raq, United Arab Emirates, Saudi Arabia, igeria and Venezuela for a total of round 12 million tonnes and the expected contract with the Soviet Union for .5 million tonnes. First, it is pointed out he spot market handles only five per ent of the total oil production and, econdly, India's experience with contracts has been happy as it had never to ay higher than contracted prices even when spot market prices were higher than fficial prices from 1979 to mid-1981. If he market continues to show a declining rend, India should in any case benefit nd it is stated, that as a result of reduction of $ 4 per barrel in the price of rude by Iran, the weighted average price of imported oil works out to $ 32.5 though the benchmark price fixed by *OPEC* is $ 34. In any case, the situation will be worth watching and New Delhi could publicly explain its stand.

Even in the western countries there is a feeling that a sudden drop in oil prices may bring in some adverse side effects though the reduction in prices will help pick up economic activity considerably and free those countries from recession. The fear is that energy conservation measures that have been launched in the last six to seven years and the search for alternative sources of energy such as solar power might receive a setback. This should be all the more recognised in our country. Our oil reserves are very limited and though production may increase to 20 million tonnes in 1982-83 and 30 million tonnes by the end of the Sixth Plan, it should not be ignored that, unless very big commercial finds are made, it would be unthinkable for us to produce 100 million tonnes of crude by the end of the century as is being talked in some official quarters. There is need for us to make coal our primary source of energy. For years the production of coal had been stagnating at around 105 million tonnes before it showed a rise to 118 million tonnes in 1980-81. In 1981-82 the output is expected to rise 124 million tonnes. But as the *Economic Survey* for 1981-82 points out, although production of coal began to improve in 1980-81, this was not reflected in the corresponding improvement of coal availability to industries in that year because of transportation difficulties. The situation has been better in 1981-82 with increased railway movement of coal and as a result pithead stocks declined from 18.5 million tonnes on April 1, 1981 to 15.3 million tonnes by the end of October. Higher production and better movement has considerably eased coal availability to power plants, cement factories and steel plants in 1981-82, as the *Economic Survey* says, and this trend needs to be strengthened in the coming years.

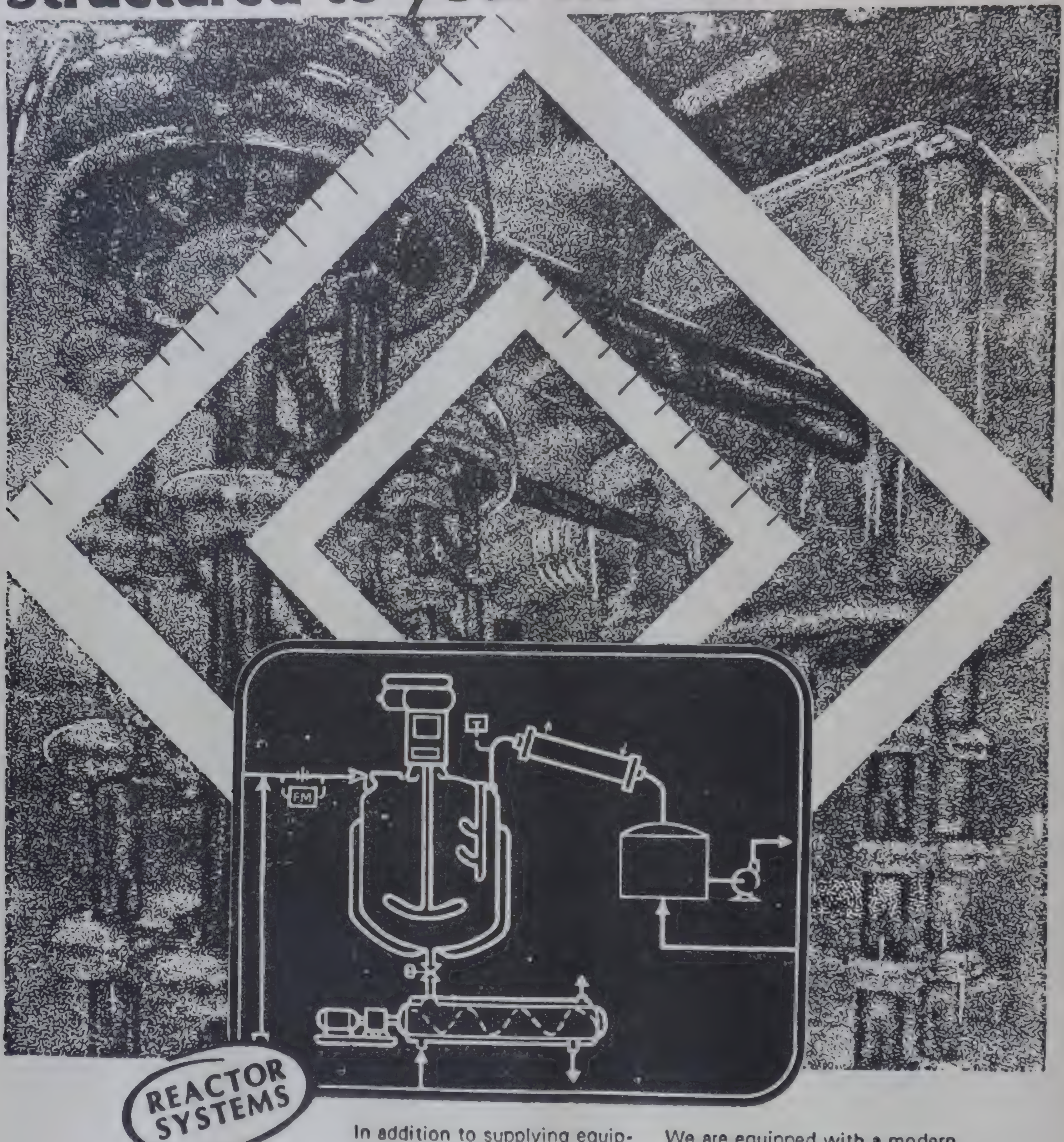
The Finance Minister, Mr Pranab Kumar Mukherjee, in his budget speech has also stated that the Government of India attached the greatest importance to the development of the renewable energy sources. The Commission for Additional Sources of Energy has initiated it is claimed several important R & D demonstration projects in the areas of solar, thermal, photo voltaic, wind and bio-mass and integrated energy systems and the Government has exempted manufacture of solar energy devices from industrial licensing. Provision has also been made for setting up a large number of bio-gas (gobar) plants, and this activity should also continue to be encouraged.

India's oil import bill

Year	Price of crude per barrel(a) US $ (Saudi Arabia)	Import of crude and crude products		
		Rs crores	As per cent of India's total	
			Exports	Imports
1972-73	2.47	204	10.4	10.9
1973-74	3.27	560	22.2	19.0
1974-75	11.58	1,157	34.7	25.6
1975-76	11.53	1,226	30.4	23.3
1976-77	12.38	1,413	27.5	27.8
1977-78	12.39	1,552	28.7	25.8
1978-79	12.70	1,687	30.4	22.8
1979-80	17.26	3,267	50.6	36.2
1980-81	30.22	5,587	83.3	44.8
1981-82	32.00	5,200	67.5	39.4

Note: (a) Refers to calender year avera. For example, 1972-73 date relate to 1972 average.

Structured to your needs...



***Glass Lined Equipment up to 10,000 litres capacity.**
***All types of Chemical Process Equipment in various materials.**

In addition to supplying equipment for the Chemical Process Industry, we can undertake to design and fabricate the total process system of your plant. We have extensive fabrication facilities for Glass-lined and other specialised equipment. Our Consultancy and Engineering Division can also help you by evolving a suitable process system which involves associated unit operations. Our specialised knowledge and experience helps us to engineer these items to your specific needs.

We are equipped with a modern Research and Development Centre, with complete pilot plant facilities, for test runs to optimise the process parameters. Many reputed organisations, are constantly availing themselves of this facility. Let us take care of your process requirements.

Contact for further details
GUJARAT MACHINERY MANUFACTURERS LTD.
(Project Division)
Churchgate House, 32-34, Veer Nariman Rd.,
Bombay 400 023. • Tel : 254921/294846

national-962

SPECIAL ARTICLE

Bangladesh: Military rides again

Subhash Chandra Sarker

THE military takeover in Bangladesh on Wednesday, March 24, while it formally an internal matter for the eople of Bangladesh, cannot but cast s shadow far beyond the political bor-ers of the country. For one, the rule by ne military in any country is not consider-d normal by any standard but is always iewed as an aberration of the political rocess. When military rule comes hrough the subversion of the duly-elected overnment of a country, as it has happen-d in Bangladesh, it is bound to remain nore suspect. There is no justification or the military to take over in Bangladesh. Nothing that has happened since the last presidential election in November 1981 calls for such a rude interruption of the democratic process. It is not as if Bangladesh does not have experience of military government. The fact is that the first military ruler, Gen. Zia-ur-Rahman had seen the need for a civilian government and had actively taken measures for the end of military rule and the restoration of civil government. It was his murder last May at the hands of another military general that set Bangladesh on a renewed course of political turmoil and instability.

The successful election of the President last November seemed to assure the continuance of civil government. However, that assurance has proved to be illusory because generals in Bangladesh, too impatient and too selfish, want to build up political power for themselves by retaining their privileges as bureaucrats in the military with their pay and perquisites intact. The generals are unwilling to face the hazards of the life of the civil politicians, who have to sustain themselves solely on popular endorsement. Even if such endorsement is sometimes sought to be obtained through manipulation of the electoral processes, the distinction between an elected government and a clique which comes to power through usurpation of the duly-constituted authority, is nevertheless, an unmistakable one and the politician belongs to the former and the military dictator to the latter. A government that does not rest on the freely-expressed consent of the governed is an intolerable anachronism now-a-days.

New military leader

The new military ruler of Bangladesh, Lt. Gen. Hossain Mohammed Ershad, has sought to allay these misgivings by the promise of a return to civilian government. He justifies his extraordinary conduct in overthrowing a government he was pledged to serve by accusing the Government of the deposed President Abdus Sattar of corruption and inefficiency. There is no doubt that there is widespread corruption and inefficiency in Bangladesh. What is necessary to note

Four coups in 10 years

Bangladesh became independent on December 16, 1971. During this brief period of a little over 10 years since then the country has witnessed four *coup d'etats* disregarding the number of abortive *coups*. The first *coup* took place on August 15, 1975 when the then Bangladesh President, Sheikh Mujibur Rahman was killed with his family members by army officers, who installed Mr Khondkar Moshtaque Ahmed as president.

The second *coup* took place on November 3, 1975, when the garrison commander of Dacca, Brig. Khaled Musharaf overthrew the government of Mr Khondkar Moshtaque Ahmed in a bloodless *coup*. It was Mr Khondkar Moshtaque Ahmed who had promoted Brigadier Musharaf to the rank of major-general and appointed him chief of the army staff, replacing Gen Ziaur Rahman, who was taken inot custody.

On November 7, 1975 Gen Musharaf himself was killed by army men subordinated to him and Gen. Ziaur Rahman was returned to power. There were two serious attempts of *coup d'etats* in 1977 — first on September 30 at Bogra and then on October 2 in Dacca against President Ziaur Rahman. These did not succeed but on May 30, 1981 President Ziaur Rahman was killed by army men who, however, failed in their bid to seize power.

On March 24, 1982 Gen. Ershad deposed the government headed by President Sattar.

is that such a phenomenon is not of recent occurrence but has been characteristic of the situation in that country all these years, including the years of military rule, despite the personal honesty of the late President Zia and a number of other politicians. It can be said without any fear of being proved wrong that Gen. Ershad, even if he remains uncorrupted by political power, would not be able to make the slightest dent on the rule of corruption and inefficiency which is inherent in the socio-economic-political structure of Bangladesh, to change which is not one of the items in the agenda of the General. The country with one of the lowest standards of living in the world, is in the midst of a grave food shortage with a net gap of 2.1 million tonnes in the availability. The burden of an overwhelming illiteracy hardly contributes to any betterment of the situation. On the other hand, keeping in view the fact that almost immediately after the assassination of President Zia, General Ershad had started manoeuvring to wield political power, his willingness to end corruption also must remain suspect.

Decimation of leadership

The decimation, during August-November 1975, of the political leadership, which had brought independence to Bangladesh, created a void which the country has not been able to fill up. On the other hand the void has been widened by the elimination, one way or the other, also of all the major military leaders of Bangladesh liberation war. Major Gen. Khaled Mosharraf was killed in a power struggle which brought Maj-Gen. Zia-ur-Rahman to power. Col. Taher, who provided crucial help to Gen. Zia to come to power, was subsequently executed under the orders of Gen. Zia who in turn was assassinated by Maj. Gen. Manzur, who in turn was killed by his captors. Other generals prominent in the Bangladesh liberation war were removed from military command after the death of Gen. Zia by Gen. Ershad, who was in Pakistan at the time of liberation war but who, nevertheless, was taken back into the army of independent Bangladesh under the orders of Sheikh Mujib-ur-Rahman.

The armed forces of Bangladesh numbered 1,29,500 (including paramilitary forces) and constituted less than 0.15 per cent of the country's population of 82.45 million in 1978-79. Gen. M. A. G. Osmany was commander-in-chief (combined) of the armed forces through the liberation of war in 1971 and later until his resignation in early 1972. Thereafter the position of commander-in-chief was abolished on April 8, 1972 and three new headquarters of army, navy, and air force were created. In August 1975 after the murder of Sheikh Mujib-ur-Rahman, Maj. Gen. Zia-ur-Rahman was promoted to the position of chief of army staff replacing Maj. Gen. K. M. Shafiullah who was transferred to a position under the Ministry of External Affairs.

Brig. H. M. Ershad was promoted to the rank of Maj. Gen. and made Deputy Chief of Army Staff, having been called back from India where he had been undergoing training at that time. At that time repatriates from Pakistan, who had failed to be rehabilitated earlier, were placed in key positions in the armed forces. On December 1, 1978, Gen. Zia gave up his position of Chief of Army Staff which was taken over by Maj.-Gen. H. M. Ershad who, 39 months afterwards, has proclaimed himself as the Chief Martial Law Administrator of Bangladesh deposing the elected government headed by President Abdus Sattar.

In the latest murky affair of the m tary takeover a person who has emerg with a tarnished image is Mr. Abc Sattar, the deposed President who, desp his earlier fulmination against milita government, allowed himself to be p suaded to make a broadcast endorsi the military take-over involving his o ouster. Mr Sattar said that law and ord and the political-economic situation h reached a state where the imposition martial law had become indispensal in the national interest. Obviously th was not his honest conclusion, for o the day before the military coup a n vice-president was sworn in into offi by him on the resignation of Prof. Nur Huda from that position. If he was co vinced of such an insoluble political cri Mr Sattar would not have inducted vice-president to be thrown out in le than twentyfour hours. Gen. Ershad h sought to browbeat Mr Sattar into adm ting the generals into the political auth rity at the time of the presidential ele tion. At that time his argument was t lack of maturity of Bangladesh pol cians. On February 11, this year Ge Ershad had occupied the Presiden palace to force Mr Sattar to change cabinet. The coup detat on March showed that Mr Sattar's pliancy h proved unavailing against the ambitc designs of Gen. Ershad.

The People's Republic of Bangladesh Indicators of the present level of the Economy

Indicator	Unit	Bangladesh
Area and population		
Area	'000 sq km	144
Population (1980)	Million	88.66
Density (1980)	Persons per sq km	616
National income (1979)		
Gross domestic product	US $ '000 million	7.67
Per capita gross domestic product	US $	90
Agriculture		
Area under cultivation as per cent of total area (1978)	Per cent	63.4
Production of principal crops (1981):		
Rice (paddy)	'000 tonnes	20,000
Jute and Jute like fibres (1980)	'000 tonnes	830
Tea (1979)	'000 tonnes	39
Production of principal industrial items (1978-79):		
Jute goods	'000 tonnes	501
Energy (1976)		
Per capita consumption of energy	Kg. of coal equivalent	33
Foreign trade (1980)		
Exports	US $ million	759
Imports	US $ million	2,438
Trade balance	US $ million	−1,679
Monetary unit	Taka	
Sport rate as on March 19, 1982	1 Taka = Rs 0.44 1 US $ = 21.25 Taka.	

Special Reports

Cess for sugar industry's development

rom ARVIND BHANDARI

NEW DELHI

ADOPTION by Parliament some days ago of two bills relating to sugar, ne imposing a cess on production and he other creating a development fund ased on this cess, served once again to xpose this important subject to the atharsis of legislative scrutiny. Although he sugar cess bill stipulates a cess of up o Rs 10 per quintal, it is understood hat at present it would be confined to Rs 5, yielding, according to official estimates, about Rs 35 crores for the sugar development fund in a year. The wisdom of the measure must obviously be judged from the standpoint of maximisation of sugar production and making this essential requirement available to the consumer at reasonable prices.

The opposition criticism of the two bills boiled down to three main points. One, the sugar cess will result in an increase in the price of free sale sugar. Two, the sugar industry is amassing profits and that the Government, instead of imposing a cess to create a development fund, should compel it to plough back these profits for improvement of the mills. Three, cane growers should be assured a remunerative price and the arrears due to them from the mills should be paid up.

The criticism that the cess will have an impact on the price of sugar seems to be a bit trumped up. It needs to be mentioned that as far as the 65 per cent levy component of the production is concerned, the Rs 5 development cess was actually tagged on in November 1981. The purpose of the two bills is to give retrospective legitimacy to that measure and also bring within its purview the free sale sugar. If between November last and now the imposition of the cess on 65 per cent of the production has not been reflected in the price of free sale sugar, it is unlikely that its imposition on the remaining 35 per cent production would affect the price of free sale sugar. Further, a cess which really amounts to as little as five paise per kilogram could hardly be expected to make a visible impact on the price of free sale sugar even when account is taken of the fact that the levy price must remain unchanged and that the industry could only recover the cess on the 35 per cent free sale.

Although production of course is important, under a system of government-regulated supply, it is really the Government which controls the lever for pushing prices up or down. The Government can lower or raise the price of sugar in the market by making adjustments in the release of monthly quantities, assuming that the amount of sugar being allegedly smuggled to Pakistan and Bangladesh does not bloat to significant proportions. The moot point is that the situation in regard to supply of sugar in the market has considerably eased.

Uptrend in production

Not only has the production been showing an upward trend, the Government has been fairly reasonable in determining the quantities to be released every month for the free market. After a dip to 39 lakh tonnes in 1979-80, sugar production recovered to 51 lakh tonnes in 1980-81. In addition, the Government imported 1.5 lakh tonnes. It is estimated that in the current sugar year, October 1981 to September 1982, the production would touch 70 lakh tonnes. Thanks to a helpful monsoon, there has been a record sugarcane production of 170-180 million tonnes against 150 million tonnes last year. According to the Indian Sugar Mills Association, sugar production as on February 28 was 45.85 tonnes as against 36.92 tonnes on the same date last year. Over 300 of the 323 mills were running at the end of February as against only 200 on the same date last year. The Agriculture Minister, Mr Birendra Singh, told the Lok Sabha on March 4 that late crushing incentives would be given to sugar mills to enable them to crush the entire standing sugarcane.

As the upward trend in production set in, the Government liberalised the monthly quota of sugar released. For instance, in July 1981 the Government released as much as 1.8 lakh tonnes for free sale although the peak of the summer demand had passed. The total quantity of sugar released in 1980-81 was 56 lakh tonnes. In recent months the monthly total quantity of sugar released for ration shops as well as free sale has ranged between 4.21 and 4.25 lakh tonnes. The result is that compared with the difficult days of a year ago, when the market price of sugar had touched Rs 8 to Rs 9 per kilogram, there has been considerable improvement, with the price of free sale sugar having stabilised at around Rs 6.50 per kg. Sugar industry sources in fact insist that in some places the ex-factory price of free sale sugar has declined in the last fortnight from Rs 510 per quintal to Rs 450 or even Rs 440 per quintal. All this hardly adds up to a scenario in which the sugar industry could be expected to be able to pass on the burden of the Rs 5 per quintal sugar cess to the consumer.

While criticising the sugar industry for not utilising its "amassed profits" for modernisation of the mills, several opposition members urged the Government to nationalise the industry. Replying to the discussion on the two bills, the Agriculture Minister described the demand as irrelevant on the ground that the sugar industry already stood "more or less nationalised". The majority of the mills were in the cooperative sector. Licences for setting up new mills were being given only to cooperative societies. Even permission for expanding the existing private mills was given on a very selective basis.

Differing assessment of resources

Sugar industry sources of course deny the charge that they are sitting over a pile of cash which they do not want to deploy in improvement. In keeping with this stance, they have welcomed the sugar cess and the accompanying sugar development fund as a correct measure to aid the rehabilitation and modernisation of the mills as well as promote cane development. According to them, the two legislations would meet a long-felt need.

If the sugar industry sources were to be believed, it would seem that they have been having a hand-to-mouth existence. They point out that a committee headed by Justice Bhargava, a former Supreme Court judge, made a study in the early seventies of the working of the sugar industry in the period 1960-70. Justice Bhargava came to the conclusion that the sugar industry was suffering from obsolescence because of an inadequate depreciation fund based on the book value of capital assets. During the sixties the depreciation fund of the sugar industry totalled Rs 135 crores. It is claimed that the industry actually ploughed back Rs 158 crores during this period, taking the balance amount out of retained profits of Rs 29 crores. The Bhargava Committee's estimate of the modernisation needs of the industry was still higher, being Rs 76 crores more than Rs 135 crores. That was in 1972. Considering that the cost of machinery since then has escalated by 105 per cent, Rs 76 crores would today be equal to Rs 186 crores. This was the figure given by the Indian Sugar Mills Association to the Lovraj Kumar Committee, which also studied the sugar industry and submitted a detailed report in October 1980.

This means that ISMA told the Lovraj Kumar Committee that the sugar industry's need for modernisation over the next 10 years was Rs 135 crores in the form of depreciation fund at book value of machinery plus another Rs 186 crores, which comes to Rs 321 crores. Interestingly, on the basis of an annual yield of Rs 35 crores the new sugar development fund would add up to Rs 350 crores in the next 10 years. Little wonder, therefore, that the sugar industry sees the two new sugar bills as a follow-up to the Lovraj Kumar Committee report.

It is generally accepted that a number of sugar mills in the country are suffering from obsolescence of plant and machinery. An expert committee recomended in the middle of last year that steam-driven units should be replaced by electric motor units. The committee also recommended replacement of old and inefficient boilers by high-pressure boilers and installation of steam economy devices. The experts were of the view that along with erratic supply of sugarcane defective plant and machinery constituted a major reason for the continued under-utilisation of capacity in the sugar industry. It was also recommended that the particularly weak sugar factories might be allowed free sale of 70 per cent of the sugar produced in excess of the average of the last five seasons.

While welcoming the cess and the fund, sugar industry sources insist that the soft loan scheme of the Industrial Development Bank of India for modernisation of the mills was not a success because the terms were too stiff. Out of over 100 applications only a dozen were cleared for financial assistance.

Buffer stock of sugar

In view of the fluctuations to which the supply of sugar is subject, building of a buffer stock is a sensible idea. The current improvement in the supply situation is just the right time to pursue it. According to an Agriculture Ministry spokesman, while the Government is thinking in terms of a buffer stock of five lakh tonnes, the industry wants the size to be 10 lakh tonnes. As for exports, in 1979-80 India could not avail of its export entitlement under the international sugar agreement because of the drought-induced dip in production. While 60,000 tonnes were exported in pursuance of the agreement, about 2.5 lakh tonnes had to be imported. In 1980-81 there were no exports and 1.5 lakh tonnes were imported. Since under the international agreement a country's export entitlement is determined on the basis of average of the last three years' production, it is estimated that a bumper production in the current year may entitle India to export up to 6.5 lakh tonnes. However, a discouraging factor in this regard is that the international price of sugar is less than the price ruling in India, which means that earning of some foreign exchange through sugar exports would cost the Government a certain amount of subsidisation at home.

Facts show that the opposition concern about remunerative prices for the cane grower is exaggerated. Although the Central Government fixed the minimum support price for sugarcane at Rs 13 per quintal, the State Governments jacked it up to much higher levels. The per quintal price paid by the mills to cane-growers in the northern states was as follows: Uttar Pradesh Rs 21.50, Haryana Rs 22, Punjab Rs 23 to Rs 26. Moreover, a record cane production would not have been possible if the grower had been dissatisfied with the price offered to him.

Cane arrears

The question of payment of arrears to growers is, however, serious. The ISMA president, Mr H. C. Kothari, called a press conference some days ago to warn that unless steps were taken to ensure that the mills received additional credit, "the situation may soon get out of hand". Most sugar factories had already exhausted their cash credit limits and would be compelled to suspend cane payments. In 1977-78 cane arrears had mounted to over Rs 100 crores and subsequently acreage under sugarcane declined sharply. A similar situation could arise this time. Because of the improved production the industry was saddled with rising levels of stocks which were expected to touch a peak at 41 lakh tonnes in April. Credit required to finance this level of stocks would be about Rs 690 crores or Rs 300 crores more than last year. At the time of writing (March 11) *The Economic Times* reports that the Reserve Bank has called an urgent meeting of the chief executives of nationalised banks to explore the possibilities of meeting the sugar industry's credit requirements. In a regimen of credi squeeze the sugar mills are up agains competition by other credit-seekers.

The debate on the sugar cess bill and the sugar development fund bill was marked by a serious charge of corruption made in the Rajya Sabha. According to Mr A. G. Kulkarni of the Congress (S), a Marathi newspaper had published a report to the effect that one Mr Malliaiah of United Breweries, which produced McDowell whisky, got two million litres of molasses from the Maharashtra Government in violation of all guidelines on distribution of molasses by suga factories. Mr A. R. Antulay received Rs 2 a litre and collected a sum of Rs 1.5 crores. Mr Kulkarni alleged that M Antulay received the money from M Malliaiah in his flat in Bombay and tha the Chief Minister, Mr Bhosale, had acquiesced in this.

The charge went unrebutted by the Agriculture Minister, Mr Birendra Singh, in his reply.

ARNATAKA BUDGET

A deficit of Rs 101 crores

BANGALORE

KARNATAKA'S budget for 1982-83, which was presented to the State Assembly last week by the Finance Minister, Mr Veerappa Moily, follows a fairly comfortable financial picture of the previous year, thanks to buoyancy in the sales tax proceeds and State excise duties which have netted an additional Rs 89 crores over the budgt estimates, greatly reducing the anticipated deficit.

However, for the third year in succession, the 1982-83 budget is a deficit one, the overall deficit anticipated being Rs 100.77 crores. The Finance Minister said the deficit was unavoidable, taking into account the stepped up annual plan outlay at Rs 475 crores, which is nearly Rs 25 crores more than the current year's outlay, and the capital expenditure of Rs 216.49 crores, apart from the provision of Rs 30 crores for the Cauvery basin irrigation projects which are outside the plan on the ground that the Cauvery projects have not been cleared under the compulsions of the raging Cauvery waters dispute with Tamil Nadu.

The Finance Minister has resorted to an 11-point package of fresh taxation measures to net Rs 25 crores which still leaves a large part of the deficit uncovered. He hopes to reduce the gap through resort to resource mobilisation the capacity for which, he claims, had been demonstrated during the current year.

It is to be noted that the fresh taxation has generally followed the traditional pattern. But the opposition leaders would not agree with the Finance Minister's claim that in formulating taxation proposals, adequate care had been taken to see that the impact did not cause undue hardship to the common man and the socially and economically weaker sections of society, in particular.

Taxation had covered the field of the usual sales tax through restructuring the levy scheme, bringing in additional items under the net, and hike in the existing rates to net an additional Rs 560 lakhs. However, some minor reliefs like exemption of the Mangala Sutra costing not more than Rs 250 to placate the sentiment of women have been announced.

The scope of the profession tax has been enlarged to bring in uncovered sectors to yield Rs 100 lakhs. Not only the tax on entry of goods (a tax which is an alternative to the abolished octroi) has been enhanced, but also new commodities have been added to the schedule to mop up an extra Rs 400 lakhs. Passenger tax on stage carriages has also been increased. Toll on bridges is being levied. Excise duties have been revised while court fees have been hiked among other things. Seigniorage rates in respect of forest produce for industrial and other purposes have been revised upwards to yield Rs 14 crores.

The additional resources raised would reduce the adverse closing balance in the new financial year to Rs 75.77 crores. However, the Finance Minister pointed out that a substantial portion of the increase in non-plan expenditure during the new year would be on the payment of additional D.A. and revision of pay scales and other benefits to government employees, totalling about Rs 65 crores, though part of the additional D.A. instalments, in line with the Central Government's formula, would be credited to the provident fund account.

The Finance Minister announced several socio-economic measures for the weaker and the vulnerable sections. These include organisation of co-operatives for those engaged in the collection of waste and scrap, a comprehensive health cover scheme for poura karmikas, a scheme of subsidy for income generation for the benefit of fallen women, female destitutes, etc and relief to families of fishermen, toddy tappers, and agricultural labourers, etc who die while performing their jobs.

A noteworthy feature on the industrial front is the improved performance of the Mysore Iron and Steel Ltd, the N.G.E.F., the Hutti Gold Mines, and the Mysore Sugar Company, among others. A State Bureau of Public Enterprises, which was set up about a year ago, has already justified its existence in framing measures for monitoring the performance of the state sector industries and toning up their capabilities.

Of particular significance is the Central Government's announcement of its decision to set up a refinery in Mangalore with a capacity to process six million tonnes of crude. The refinery, which fills an important gap in the industrial infrastructure, is expected to give a boost to the setting up of a cluster of downstream

The Finance Minister, Mr Veerappa Moily delivering his budget speech petrochemical complexes along the west coast.

The other welcome development is that the Government of India has allocated Rs 32 crores to the Kudremukh iron ore project for setting up a pellet plant at Mangalore to enable integrated operation of the project.

The sugar industry in the State, as noted by the Finance Minister, is poised to achieve a record production of six lakh tonnes by the end of May, 1982 which is about double the previous year's production.

Food production target for 1982-83 has been set at 80 lakh tonnes for cereals and eight lakh tonnes for pulses which is about 20 lakh tonnes higher than the current year's figures. In order to promote dry land farming, the basis of farming in the State, 85 taluks have been identified, and dry land development would be hitched to the research findings of the ICRISAT and the University of Agricultural Sciences.

During 1982-83, the objective of irrigation development, alongside the power development, both of which have received priority in the annual plan, it is intended to step up the percentage of irrigation which is now 22 and take it to 29 by the end of the current plan period. During 1982-83 itself, an additional area of 1.20 lakh hectares is to be added under irrigation. A major policy decision has been taken, the Finance Minister said, to accelerate the tempo of work on the World Bank-aided Upper Krishna and the other major irrigation projects like the Ghataprabha and the Malaprabha. Expenditure on the Raichur thermal plant (1050 mw in the final stage) had been stepped up to ensure the commissioning of the first stage by the end of 1983.

On the revenue account, estimates for 1982-83 are Rs 1250.75 crores and on expenditure account Rs 1,178.66 crores. According to the revised estimates for 1981-82, the State tax revenue rose from an anticipated Rs 507.87 crores to Rs 596.01 crores.

The economic survey for 1981-82 paints an encouraging picture of the State's economy which is expected to register a growth rate of 5 per cent. The State's income, at constant prices, is estimated to go up to Rs 2,412 crores in the current year from Rs 2,304 crores in the previous year and at current prices to Rs 5,630 crores from Rs 4,777 crores or by 18 per cent which, it is claimed, is marginally higher than the expected growth in the national income. The per capita income, at current prices is estimated to increase from Rs 1,352 in 1980-81 to Rs 1,565 in the current year or by 15.75 per cent and at 1970-71 prices from Rs 652 to Rs 670 or by 2.76 per cent. The survey says that the performance of the economy so far lends hope for impressive growth with stability. The overall improvement in the supply of strategic inputs like steel, power and transport had a salutary effect on the performance of all sectors. The substantial investments in the core sectors of power and irrigation have started yielding benefits and imparted greater stability to the economy. The performance of the agricultural sector bears testimony to it in the face of considerable natural hazards like floods and drought, the survey adds.

HARYANA

Yet another tax-free budget

CHANDIGARH

THE delicately poised Congress (I) Ministry in Haryana could not take the political risk of levying new taxes, or enhancing the existing ones, in an election year (the poll is expected by June-end at the latest). Hence the 1982-83 budget, presented on March 19, is tax-free, the third of its kind in a row despite the continuing deficits (last year the estimated deficit was Rs 49 crores and this year (1982-83) it is Rs 19.3 crores).

Claiming a distinct improvement in the State's finances during the year 1981-82, the Finance Minister, Mr Khurshid Ahmed, has pinned high hopes on the buoyancy of revenues (which is a notable phenomenon in the State), a strict control on non-plan expenditure, a higher level of productivity, better capacity utilisation, more domestic and rural savings, and, what is equally significant but unlikely to materialise, higher generation of resources by public sector undertakings.

Almost all state undertakings and autonomous corporations (except Haryana Roadways) have been showing substantial losses, and judging by the current trends, these corporations will continue to be in the red for many more years. Nor is it probable that there would be much by way of domestic savings in the context of the mounting cost of living. So it is the buoyancy of revenues, especially sales tax and excise duties (on the sale of liquor) that will help materially to reduce the gap in resources.

The spurt in income from sales tax, in particular, has been remarkable and it is now the main financial prop even in the predominantly agricultural state of Haryana. In 1979-80 the yield from this source was Rs 88 crores; for 1981-82 the estimate at budget time was Rs 121 crores, but towards the close of the year the figure was raised to Rs 141 crores, and the estimate for 1982-83 is still higher at Rs 159 crores, roughly one-fourth of the total tax revenue. With the increasing consumption of liquor the revenue from this source is put at Rs 45 crores — about 100 per cent more than the estimate three years ago. The yield from electricity duty is also put at a much higher figure, indicating a 50 per cent spurt.

The total revenue is put at Rs 1,110.36 crores and the expenditure at Rs 1,129.67 crores. There is a sizable surplus on revenue account (receipts Rs 621.78 crores, expenditure Rs 491.40 crores) and public debt (repayable) is put at Rs 413.52 crores. The surplus of Rs 130.38 crores on revenue account in the next financial year would be over 92 per cent

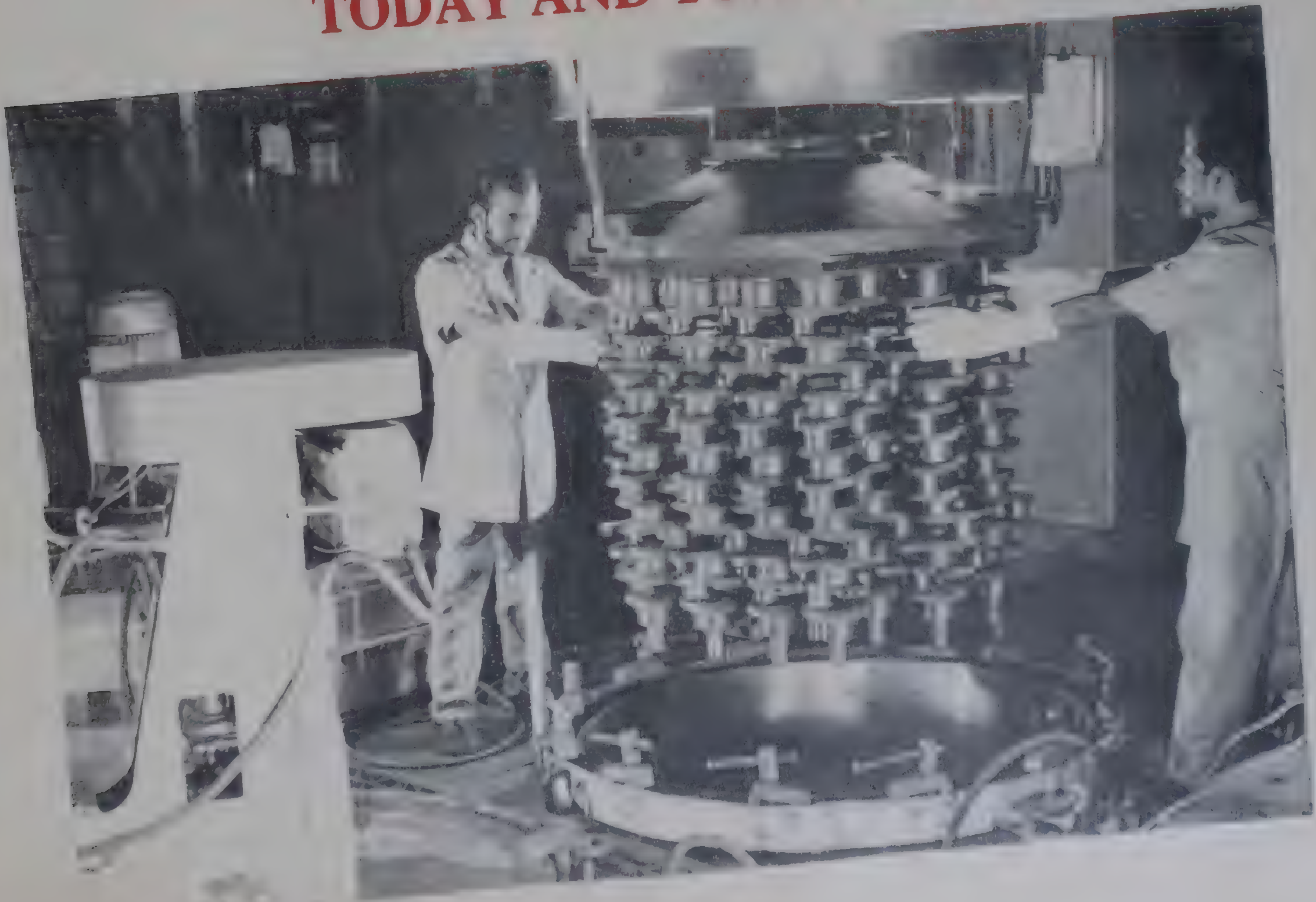
There are no notable schemes for economic development of the State in the coming months and on incentives for industry. To that extent, it is featureless, routine budget, a mere statement or accounts. Possibly, additional levies will be imposed later in the year after the new Ministry is sworn in. It is, however, creditable that Haryana has not resorted to overdrafts on the Reserve Bank of India on the pattern of its more prosperous neighbour, Punjab. Even without additional resource mobilisation the Sixth Plan outlay for 1982-83 will be nearly Rs 30 crores higher — Rs 319.98 crores against the current year's figure of Rs 290 crores.

OMMERCE

4 No. 3694 Bombay, March 27, 1982

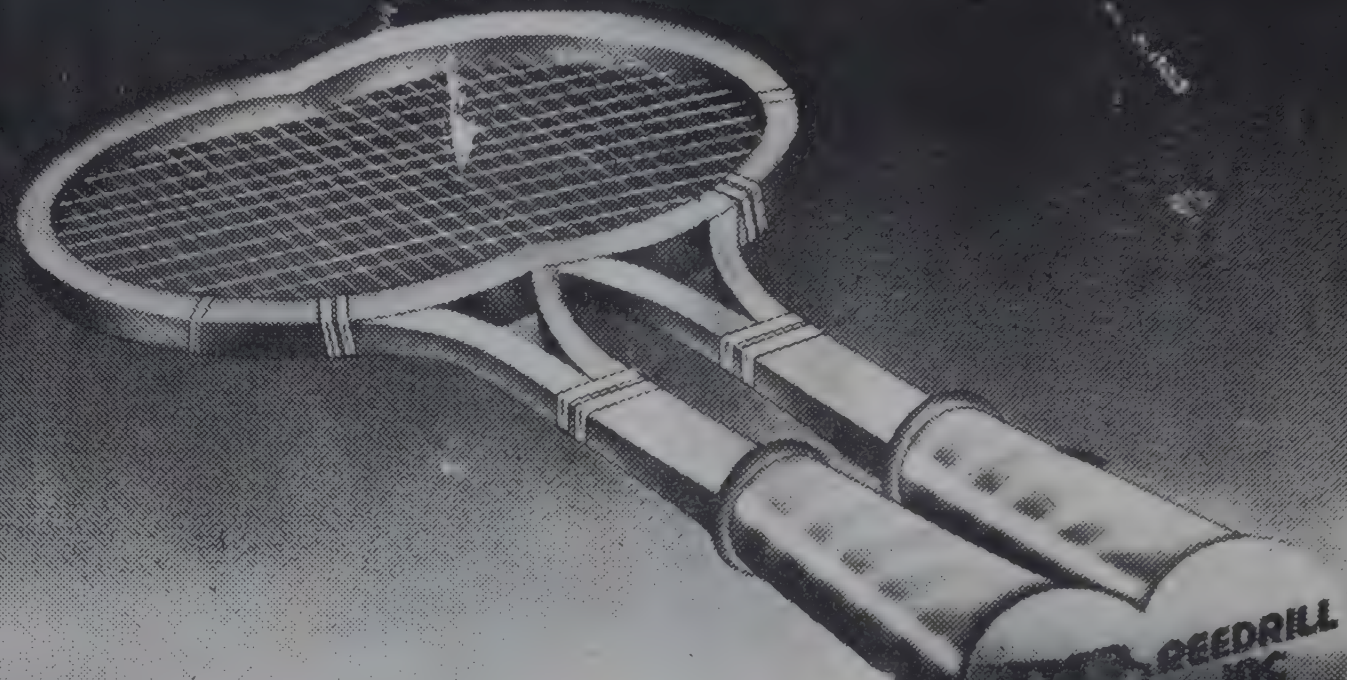
A SURVEY

ENGINEERING INDUSTRY
TODAY AND TOMORROW

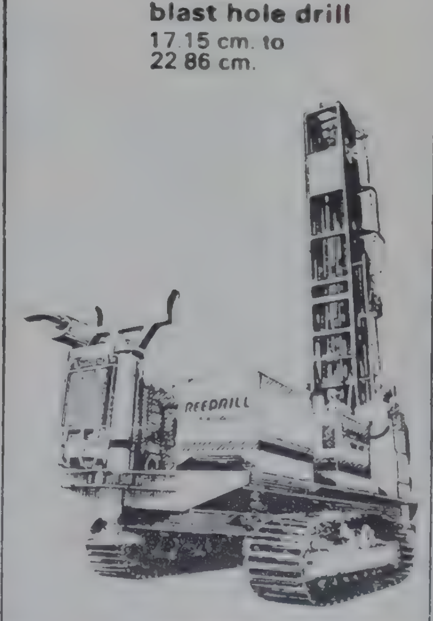


Winning Doubles

LMP Precision of India has teamed up in technical collaboration with Reedrill Inc. of USA ... to serve up even more advanced drilling equipment.



SK-60
blast hole drill
20.00 cm. to
28.00 cm.



SK-40
blast hole drill
17.15 cm. to
22.86 cm.

SK-25
blast hole drill
13.65 cm. to
17.15 cm.

LMP has come a long way since its first drilling rig rolled out its **Bilimora** plant in 1955. Today, **LMP** creates a vast range of precision machines for waterwell, mining, exploration and other applications-all conforming to international standards as our growing exports prove. Over and above the widest range of drilling rigs, we also undertake drilling contracts. Much of this is possible as a result of our R & D activities.

Now we're ready to reach new heights with the **Reedrill** collaboration.

Reedrill Inc. a unit of the world-renowned **Baker International Group** of USA are the fastest growing manufacturers of drilling equipment in the world. The **LMP-REEDRILL** tie-up therefore spells a new age of excellence in blast hole drills in India.

For the first time, you'll get SK-60, SK-40, SK-25, rugged crawler mounted machines for drilling at quarries, heavy construction and open-pit mining.

Precision
is part of our name...
Excellence
very much our aim.

LMP Precision
Engineering Company Pvt. Ltd.

Post Box 7, Mahadeo Nagar
BILIMORA 396321
Gujarat India
Telegram PRECISION
Telephone 2411 2412
Telex 0176 202 LMP IN

REGIONAL OFFICES:
907, Raheja Chambers
9th Floor Nariman Point
BOMBAY 400 021
Telegram BLASTHOLE
Telephone 234127 224545
Telex 011 2191 LMP IN

E, Neelambar, 1st floor
28-B, Shakespeare Saran,
CALCUTTA 700 017
Telegram: BLASTHOLE
Telephone 444680

801 803, Chiranjiv Tower
Nehru Place
NEW DELHI 110 019
Telegram BLASTHOLE
Telephone 682915
Telex 031 5042 LMP IN

6-E, El Dorado,
6th floor, 112,
Nungambakam High Road
MADRAS 600 034
Telegram BLASTHOLE
Telephone 65267

COMMERCE

Vol. 144 No. 3694 Bombay, March 27, 1982

DITOR :
VADILAL DAGLI

SSOCIATE EDITORS :
D. B. MAHATME
SUBHASH CHANDRA SARKER

SUBSCRIPTION RATES

INLAND

Annual subscription : Rs 200
Half yearly : Rs 115
Concessional subscription for students and teachers : Rs 115

FOREIGN AIR MAIL

Asia and Africa (including South-East Asian and West Asian countries) : £ 37
UK and Europe : £ 46
United States : $ 117
Japan : Yen 21,418
USSR : Roubles 71

Commerce Publications Limited

Manek Mahal, 90 Veer Nariman Road,
Bombay 400 020.
Telephone : 253505, 253562, 253392

The main deck of the third and fourth fixed platforms for Bombay High

ENGINEERING INDUSTRY TODAY AND TOMORROW

— A Survey

Contents

Phenomenal growth of engineering industry 3
— D. B. MAHATME

Machine tools: Meeting new challenges 7
— J. N. MEHROTRA

Demand for machine tools in 1984-85 11
— D. S. MULLA

Opportunities before diesel engine industry 15
— G. MATHRANI

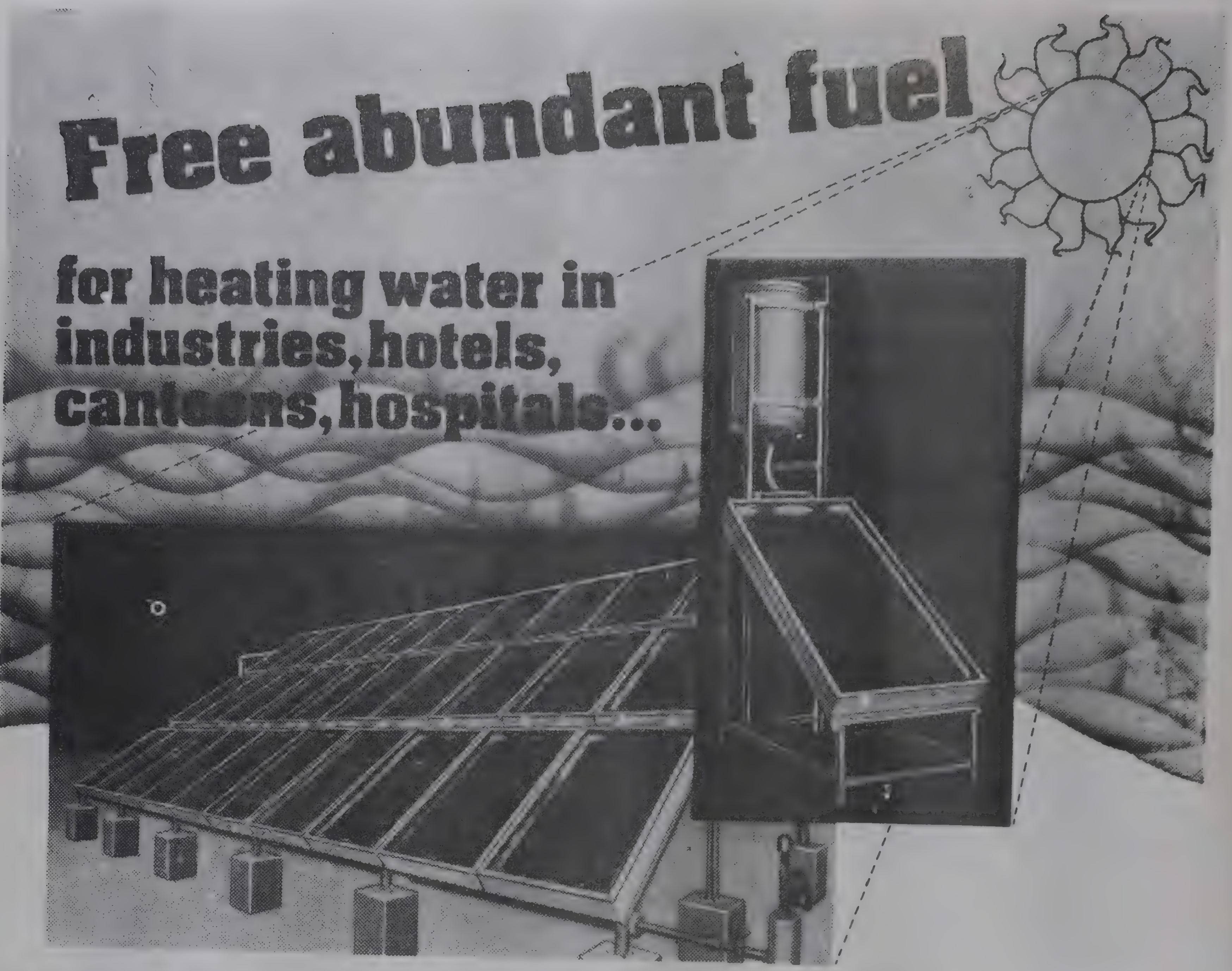
Textile machinery sector: Growth outlook 19
— SURESH MEHTA

Problems of power development 23
— K. L. PURI

Nuclear power: Role of Indian engineering industry .. 27
— T. S. CHAMPAKNATH

Fuel conservation: Waste heat recovery system .. 31
— T. R. SARKARI

Pump industry in eighties 37
— S. M. KHANDEKAR



Use the sun's energy as fuel, without cost.
Install HBB Solar Water Heater.

Solar power...is abundant...a free source of energy. You have heard about it...thought about it. Now you have the opportunity of actually using it—by installing HBB solar water heaters.

Consider the benefits: freedom from dependence upon fossil fuels and their steadily rising costs, years and years of reliable, trouble-free service with virtually no maintenance. It's the cleanest, most natural heating system too.

HBB offers you the most economical solar water heating systems in a range of sizes to meet your particular process requirement and site conditions, to raise water temperature even to 90°C. Every HBB solar water heater is backed by excellent installation and commissioning services. So do write to us for further information.

BROWN BOVERI

HINDUSTAN
BROWN BOVERI
P.O. Maneja, Baroda 390 013
Regional Offices at Bangalore, Bombay, Calcutta & New Delhi
Branch Offices at Baroda, Chandigarh, Cochin, Hyderabad, Jabalpur, Lucknow, Madras & Ranchi.

HBB Solar Water Heaters. The benefits will dazzle you.

maa HBB 25

The largest raw mill body manufactured in India by Larsen & Toubro for its 3,200-tonne-a-day cement plant in Chadrapur district of Maharashtra.

Phenomenal growth of engineering industry

D. B. MAHATME

AS the Sixth Plan document records, over the years the engineering industries in the country have registered a phenomenal growth to generate a strong base in a wide range of heavy and light engineering industries, covering a broad spectrum of capital goods and consumer durable products. We are now able to meet largely indigenously capital goods requirements for power projects, fertiliser, cement, steel, petro-chemical plants and mining equipment. Construction machinery and equipment for irrigation projects, diesel engines, pumps and tractors for agriculture and transport vehicles are also manufactured in the country. Exports of engineering goods to almost all the parts of the world are on the increase and, from a mere Rs 6.1 crores in 1961-62, they rose to Rs 1,000 crores in 1980-81. An ambitious plan to step up these exports to Rs 10,000 crores by 1990 has been drawn by the Engineering Export Promotion Council.

How big is our engineering industry? Latest data are not available and the Annual Survey of Industries published by the Central Statistical Organisation gives the figures for 1978-79. Within one year, between 1977-78 and 1978-79, productive capital in the industry had increased from Rs 7,654 crores to Rs 9,156 crores and its output too had jumped from Rs 11,268 crores to Rs 13,467 crores. While the value added in 1978-79 was Rs 2,717 crores, the figure in subsequent year was Rs 3,189 crores. Though the industry cannot be described as a labour-intensive one—some of the units are highly sophisticated and capital-intensive—it still provided large employment with the employment figure rising from 18,72,000 in 1977-78 to 19,28,000 in 1978-79. These figures of the Annual Survey of Industries relate to factories which use power and employ 10 or more workers and those not using power and employing 20 or more workers on any day of the preceding 12 months.

The Survey also brings out that the engineering industry in the country is concentrated in Maharashtra, West Bengal, Tamil Nadu and Bihar in the production of basic metals and alloys industry. Bihar, West Bengal and Maharashtra together contributed 48.8 per cent in the total output in the industry and 50.4 per cent of the value added.

In the manufacture of metal products and parts, except machinery and transport equipment, Maharashtra, West Bengal and Gujarat share the bulk of the output. As much as 59.7 per cent of the output and 63.1 per cent of the value added of the industry originate from these three states. In the manufacture of machinery, the machine tools and parts, except electrical machinery, 57.9 per cent of the output and 60.2 per cent of the value added is shared by Maharashtra, Tamil Nadu and West Bengal. Again the two states of Maharashtra and West Bengal and the state of Uttar Pradesh together produce 46.9 per cent of output in the manufacture of electrical machinery apparatus, appliances and supplies and parts sector and represent 47.9 per c in the value added. In the manufact of transport equipment and pa Maharashtra occupies the pivc position, shares almost 24 per cent the output and little over 24 per cen the value added. Tamil Nadu comes n closely followed by West Bengal. Th three states together share 54.8 per c of the output and 56.4 per cent of value added by the industry. Thus almost all the above major groups exc basic metals and alloys and indus Maharashtra tops the list followed West Bengal, though in some sect Tamil Nadu surpasses west Bengal.

The *Handbook of Statistics 19* published by the Association of Ind Engineering Industry points out that engineering industry's performance in 1970s has been rather disappointing compared to 1960s. Eighties have be none-too-well, it says. In the decade seventies (1971-80) the engineer industry's growth was 4.5 per cent measured by Indices of Engineer Production with 1970 as the base. T was, of course, a better figure than t of 3.8 per cent for all manufactur industry. But some sectors of the e neering industry did not do even as w For example, basic metal industr showed a growth of 2.9 per cent, m products excluding machinery and tr sport equipment 2.7 per cent and tr port equipment three per cent. C two groups, namely, machinery, exc electrical and electrical machinery appliances showed better performan of 7.4 per cent and 5.3 per cent. year 1980 actually showed a drop of per cent in the case of basic metal in tries and 7.4 per cent in metal prod excluding machinery and transport eq ment and even the electrical machi group showed a growth of only 2.9 cent. Only the other machinery gr recorded a growth of 6.5 per cent transport equipment of 3.8 per cent

The Association of Indian Enginee Industry holds regular surveys of e neering trends and the report publis in November 1981 showed that the Inc engineering industry as a whole did expect the industrial climate to impr during the subsequent 12 months. industry was not therefore, prepare embark upon higher capital expendi on buildings, plants and machinery du

Table 1 : Capacity and production plan for selected engineering industry 1981-82—1983-84

Sl no.	Industry	Unit	1981-82		1982-83		1983-84	
			Capacity	Production	Capacity	Production	Capacity	Production
1.	Industrial Machinery							
i)	Machine tools	Rs. crores	190	160	220	175	240	190
ii)	Mining machinery (incl. coal machinery)	"	42	32	42	34	45	36
iii)	Metallurgical machinery	"	—	65	—	70	—	75
iv)	Cement machinery	"	—	42	—	43	—	47
v)	Chemical & pharmaceutical machinery	"	125	90	135	100	145	110
vi)	Sugar machinery	"	—	45	—	60	—	65
vii)	Rubber machinery	"	18	12	20	14	20	16
viii)	Paper & pulp machinery	"	43	32	45	35	45	37
ix)	Printing machinery	"	10	8.5	12.6	10	14	11
x)	Textile machinery (incl. accessories)	"	280	235	300	250	310	270
xi)	Boilers (power & industrial)	"	—	230	—	250	—	250
2.	Electric Power equipment							
i)	Steam turbines	M.K.W.	3.5	3.1	3.8	3.44	4.0	3.5
ii)	Hydro turbines	"	1.2	1.00	1.5	1.05	1.5	1.15
iii)	Transformers	M.K.V.A.	36	30	40	35	45	38
vi)	Motors	M.H.P.	7	6	8	7	9	7.5
3.	Construction machinery							
i)	Earth moving equipment	Nos.	1940	1550	1940	1700	1940	1800
ii)	Road rollers	"	1800	880	1800	1000	1800	1070
4.	Agricultural machinery							
i)	Tractors	'000 Nos.	68	61	75	62	75	66
5.	Rail & water transport							
i)	Diesel locomotives	Nos.	190	156	190	180	190	185
ii)	Electric locomotive	"	66	66	66	66	66	68
iii)	Railway coaches	"	1800	1350	1900	1350	1900	1380
iv)	Railway wagons	'000 Nos.	22.5	16	22.5	17	22.5	18
v)	Ship building	'000 GRT	130	90	168	110	168	125

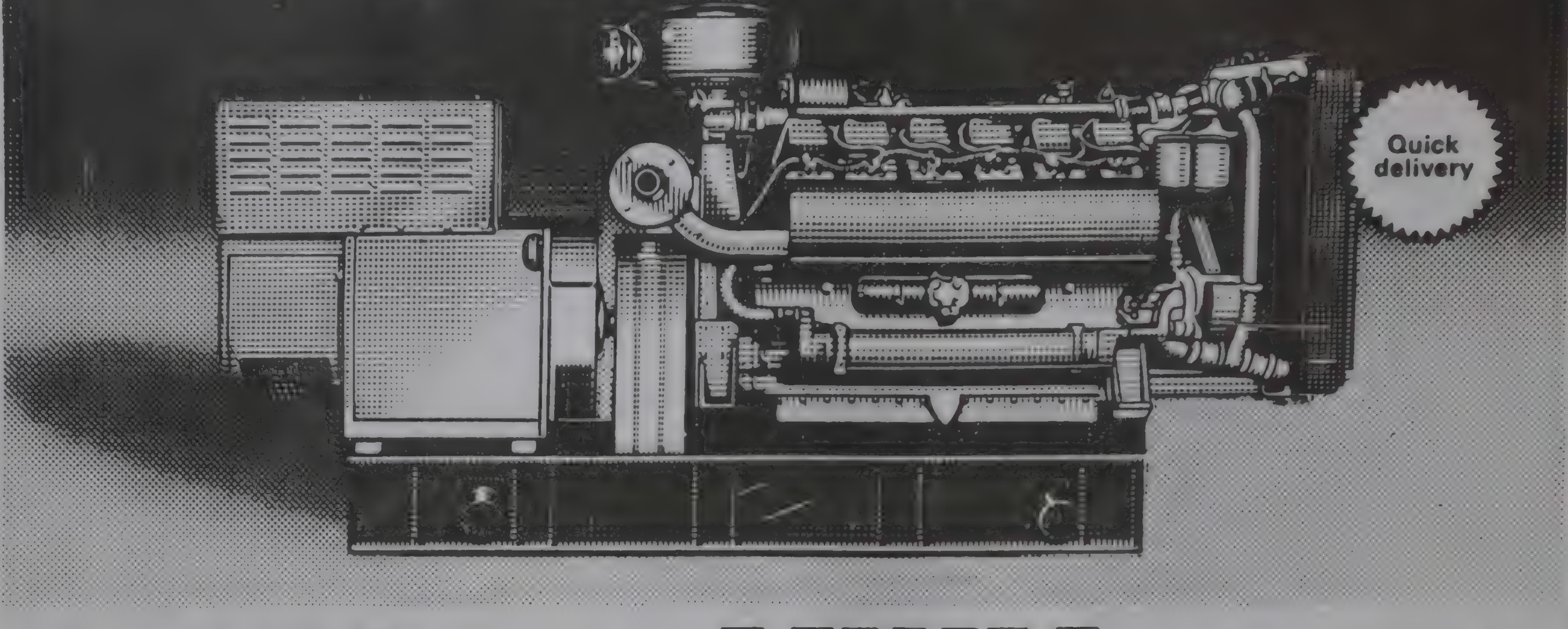
e period ending September 1982. The rvey covered 228 responding firms in e public and private sectors and repre- nted 15 per cent membership of the ssociation, 17 per cent of the members' apital investment and 31 per cent of mployment. Twenty-six companies in asic metal and alloys industries, four er cent in the metals products and parts xcept machinery and transport equip- nent, 67 in the manufacture of machin- ry, machine tools and parts except lectrical machinery, 40 in the manu- acture of eletrical machinery, aparatus, appliances, supplies and parts, 32 in the nanufacture of the transport equipment and parts and 32 in the miscellaneous industry were included in the survey.

The responding firms expected a listinct deterioration in the general ousiness climate in the six months subs- equent to the period in which the survey was held. But higher capacity utilisation was reported. As many as 63 per cent of the respondents achieved a capacity utilisation above 60 per cent against 58 per cent in April 1981. Generally all sectors realised improved capacity utilisation during the period April to September 1981 against the previous period. The trend with regard to the order position in the engineering industry was expected not to improve during the subsequent six months as 58 per cent forecast improved demand pattern against 67 per cent anticipated and 45 per cent observed in the last six months. The rate of return on capital employed was also not expected to mark any improvement as 44 per cent of the respondents expected a return on capital employed to remain at its old level. Constraints on output were also reported and these were identified as shortage of power, capital and components, credit, finance, order or sales. Principal raw material shortages restricting the output of engineering industry during the six months earlier to the survey were reported as steel items, bought-out components, pig iron and non-ferrous metals.

It is still expected that the engineering industry will show an impressive growth by the end of the Sixth Plan. For instance, production of machine tools is expected to grow from Rs 160 crores in 1981-82 to Rs 190 crores in 1983-84, of communication equipment from Rs 201 crores to Rs 264 crores and of chemical and pharmaceutical machinery from Rs 90 crores to Rs 110 crores. The capacity and production plans for selected industries is set out in Table 1.

Sl. no.	Industry	Unit	1981-82		1982-83		1983-84	
			Capacity	Production	Capacity	Production	Capacity	Production
6.	Road transport							
i)	Commercial vehicles	'000 Nos.	87	70	90	75	90	83
ii)	Passenger cars	"	51.4	40	51.4	42.0	51.4	45
iii)	Jeeps	"	16	14	18	15	18	16
v)	Scooters, motor cycles & mopeds	"	500	394	500	425	550	465
v)	Bicycles (organised sector)	M. Nos.	6	4.9	6.5	5.2	7	5
7.	Mechanical components & consumer durables							
i)	Ball & roller bearings	M. Nos.	50	45	55	50	60	55
ii)	Typewriters	'000 Nos.	130	105	139.4	110	139.4	120
iii)	Sewing machines (organised sector)	"	530	420	530	430	530	440
8.	Electrical components & consumer durables							
i)	ACSR & AA Conductors (organised sector)	'000 T.	137.3	95	137.3	110	137.3	118
ii)	PVC & VIR cables (organised sector)	M. Core	1281	740	1281	860	1281	880
iii)	Dry cells	Mtrs.	1291	1065	1470	1100	1470	1200
iv)	Storage batteries (organised sector)	M. Nos.	2.46	2	2.46	2.08	2.46	2
v)	G.L.S. lamps	"	250	216	250	230	270	245
vi)	Fluorescent tubes	"	35	28	37.5	30	37.5	33
vii)	Electric fans	"	5.5	4.5	6	5	6.5	5
viii)	Power cables (PILC PVC, XLP)	'000 KM	50	40	50	40	60	50
ix)	Instrumentation (excluding electronic instruments)	Rs. crores	75	61	85	68	95	78
9.	Electronic industries consumer electronics	Rs. crores		272.5		343.5		404
i)	Radio receivers	"		101.0		112.0		123
ii)	T.V. Receivers	"		89.0		107.0		123
iii)	Tape recorders	"		21.0		27.0		35
iv)	Record players	"		8.3		8.8		9
v)	Amplifiers & PA systems	"		15.2		16.7		18
vi)	Calculators	"		17.0		20.0		22
vii)	Electronic watches	"		20.5		41.0		61
viii)	Others (CCTV electronic toys, T.V. games, etc.)	"		8.5		11.0		13
10.	Industrial electronics			180.0		214.0		268.0
i)	Instruments (incl. T&M analytical, safety & special application)	Rs. crores		50.0		60.0		80.0
ii)	Process control equipment	"		60.0		71.0		85.0
iii)	Power electronics	"		53.0		62.0		75.0
iv)	Medical electronics	"		17.0		21.0		28.0
11.	Communication equipment			201.0		232.5		264.5
i)	Mass communication equipment	"		7.0		7.5		8.0
ii)	Telecommunication equipment	"		179.0		208.4		238.0
iii)	Two-way communication equipment	"		14.4		16.6		18.5
12.	Computer	"		48.5		64.5		83.0
i)	Central processing unit (including support software)	"		24.0		32.5		42.5
ii)	Peripherals	"		10.5		14.5		19.5
iii)	Unbundled software	"		14.0		17.5		21.0
3.	Production from free trade zones	"		23.9		31.5		41.7
14.	Components	"		175.0		206.0		240.0
15.	Electronic materials	"		23.0		30.0		40.0

For genset users who demand the best!



Fuel Efficient MWM DIESEL Gensets

Our rugged reliable Ruston genset has a more powerful associate. We've gone one step higher to bring you the MWM D232 Diesel Gensets—upto 285 KVA range in single running and upto 1140 KVA in parralel running.

Now that you can be choosy, specify MWM. For its latest technology. For its fuel economy. And for its reliable performance year after year. You'll find it hard to make a better choice.

Why MWM is superior

- Indigenously manufactured by Ruston & Hornsby (India) Ltd. in technical collaboration with Motoren-Werke Mannheim, West Germany.
- Fuel savings through efficient fuel combustion—annual savings on 170 KVA set will be around 38,000 litres for 3000 hours operation.
- Long term economy! It's definitely worth paying a little extra initially for an MWM genset—as these initial costs are recovered through its superior fuel economy and trouble-free performance.
- Low lube oil consumption.
- Rugged design ensures 24 hours continuous operation and longer period between overhauls.
- Easy maintenance anywhere in India and abroad with MICO/BOSCH fuel iniection system.
- Also available with brushless alternators.
- Satisfied users include Dawn Mills, Bombay; Rolled Strips & Profiles Ltd., Coimbatore; and Ballarpur Industries Ltd., Singach, etc
- Prompt after-sales service and spares supply assured through Greaves' network of 23 branches all over India.

STANDARD SETS AVAILABLE ON EARLY DELIVERY

Cooling System	KVA RATINGS		
Radiator	170	237.5	275
Heat Exchanger	175	245	285

*With Single Running or AMF Panels. Parallel sets upto 1140 KVA can be offered on request.

SOLD & SERVICED BY

GREAVES COTTON & CO. LTD.
Engine Division
- 1, Dr. V.B. Gandhi Marg, Bombay 400 023.
- 25 Brabourne Road, Calcutta 700 001
- 124, Janpath, New Delhi 110 001.
- 13, Second Line Beach, Madras 600 001.

GREAVES

MWM—Our commitment to fuel economy

Alfred Allan 2089

Machine tools: Meeting new challenges

J. N. MEHROTRA

THE machine tool industry plays a vital role in the industrialisation of a country. The productivity and the capital cost of machine tools goes a long way in determining the reliability and the cost of the end product which are manufactured, be they consumer products, consumer durables or industrial machinery itself.

In the initial period of industrial development, we were dependent to a large extent on import to meet our machine tool requirements. Thus, in 1955, imports of machine tools were approximately Rs 5 crores as against the indigenous production of Rs 68 lakhs. The share of production to total consumption was 11 per cent only. Recognising the vital importance of machine tools not only for the development of the country, but also as a measurement of defence preparedness, the Government of India accorded a high priority to the establishment of this industry. Since then, within a short span of two decades, the machine tool industry has achieved a phenomenal progress.

There are approximately about 150 machine tool units producing a wide range of metal working and metal forming machines, small tools, cutting tools, measuring and testing equipment, accessories, etc. The production from a level of less than Rs 6 crores in 1960 has risen to an estimated level of around Rs 203 crores in 1981. The licenced registered capacity in the organised sector is approximately Rs 240 crores. Additional capacity for which industrial licences/ letters of intent have been issued is around Rs 30 crores. In addition, the small scale sector is estimated to produce approximately Rs 20—Rs 25 crores of machine tools per annum.

Impressive production

The quantumwise production of machine tools over the last decade looks impressive. However, during this period, certain structural deficiencies have been noted in the development of the Indian machine tool industry. The imports as a percentage of total production were going down, but, during 1980s, the trend has been reversed which is due mainly on account of the accelerated demand of the engineering industry in India, as also the non-availability from indigenous source of new types of machines required by the user industries. There are many causes for this trend. The purpose of this article is to examine some of the causes and suggest remedies, as otherwise, our dependence on imports will increase during 1980s at a much rapid rate, unless correct initiative is taken immediately.

The current trend for imports and future requirement of imported machine tools are mainly of high precision and more productive type machines with better control systems *e.g.* Numerically Controlled (NC), Computerised Numerically Controlled (CNC) etc, In many cases this demand in the market does not seem to be large enough to justify economic production. However, in a few cases of certain machines, production is economically possible for the larger machine tool manufacturers. To create this capacity, the larger machine tool producing units should farm out and give up the production of simpler type of machine tools. They could enter into the manufacture of advanced designs of machine tools like Numerically Controlled (NC) machines, machining centres, thus vacating in favour of small scale manufacturers, the production of simpler machines while simultaneously updating their own technology. The production technology also has to be upgraded in line with the manufacturing techniques employed by advanced countries. This will create a market for high productive and sophisticated machines such as computer controlled numerical machines, machining centres, etc. The machine tool industry will have to invest considerably to meet this demand.

The machine tool industry is, at the moment, working on approximately 94% of the installed capacity. If the industry is to achieve its present plan (1981-85) target of Rs 300 crores, then over this period an additional investment of approximately Rs 160 crores is called for. The industry in itself does not have the means to generate this magnitude of investment, in view of the fact that it is not a high profit industry compared to some other industries, especially as in the field of consumer products. Moreover, the present system of taxation does not leave enough funds for it to expand and modernise at the present level of landed cost of sophisticated machine tools.

Needed reliefs

The Indian machine tool industry is in such a position that on one hand it is loaded with a heavy backlog of orders and on the other hand no new comers are seen on the horizon. It is, therefore, urged that certain reliefs should be specifically made applicable to this industry on the following lines:-

1. The present formula of technical know-how fees and royalty not to exceed 8 per cent is not adequate to induce high technology firms abroad to licence their products in India. The same should increase to atleast 12 per cent permitting royalty of higher than 5 per cent to be paid, as the figure of 5 per cent is considered too meagre by manufacturers abroad for high technology equipment.

2. Apart from the public sector companies, in the private sector a major part of the production is at the moment with companies which fall under the M.R.T.P. Act. The present procedure for approval of their projects as well as expansion of their existing capacity is cumbersome, time consuming and self-defeating inasmuch as it acts as a damper to their efforts. It is recommended that in view of the criticality of the machine tool industry and the high investments required:-

(a) The machine tool industry should be taken out of the purview of the M.R.T.P. Act, failing which, the companies should be allowed to club their licences of machine tools so as to give them greater flexibility to meet the changing market demand.

(b) An automatic increase in capacity should be allowed @ 50 per cent per annum.

The present rule in the Act that the increase in assets of more than 25 per cent need M.R.T.P. clearance should be abolished. This is necessary as with the present high cost of machine tools even any modest modernisation programme would increase the asset by 25 per cent in the normal course. To work out the figure of 25 per cent at today's price of machine tools with historical depreciated price of an asset is self defeating and illogical.

Mr Mehrotra is the president of the Indian Machine Tool Manufacturers Association.

MALCO

can now supply Aluminium Extrusions to specific customer requirements

For your needs of Extrusions, EC and CG Ingots, Billets, Alloys, EC Rods, Bus Bars, Calcined Alumina and Carbon Electrode Paste, send your enquiries to:—

*

THE MADRAS ALUMINIUM COMPANY LTD.,
Telephone: 361 to 370 (10 lines)
Telex: 0450/243-MACO-IN

*

Regd. Office & Factory:
METTUR DAM-636 402.
SALEM District.

FREE
ENERGY FROM
THE SUN

UCAL
Solar Water Heaters

The ideal water heating system for domestic applications, Hotels, Restaurants, Guest Houses, Canteens, Hospitals etc.
UCAL Solar Water Heater can meet more than 75% of your hot water requirements.
The economy of operating UCAL systems is evident from the fact that a total return of investment is possible within five years in most applications.
For determining specifications of the UCAL Solar Water Heater you need, contact:

The Union Company (Motors) Pvt. Ltd.
118, Mount Road,
MADRAS 600 002.

3. The machine tool industry by ature is a high investment industry with rapid rate of technological obsolescence. In view of this, it is suggested that the depreciation allowance for the machine tool industry should permit writing off of the cost of asset in a period of 4 years instead of existing 9/10 years on double shifts.

4. The norms, fixed by the Chore Committee for the working capital needs, should be revised by taking into consideration;

(a) The operational conditions such as long production cycle in case of machine tools.

(b) Erratic or irregular supply of raw material such as pig iron *etc.* which necessitates building of high inventories when the material is available so as to meet the needs of the factories when such materials disappear from the market.

(c) A considerable lockup of funds on account of sales of government undertakings, since it has been observed that the balance payment of 2 per cent to 10 per cent is not realised for very long periods.

5. The machine tool industry requires to import highly sophisticated and precision machine tools for their expansion as the same are not available from indigenous sources. The customs duty on these highly priced machine tools and measuring testing equipments should be brought down to 25 per cent enabling the user industry to cut down their capital costs which will result ultimately in their capacity to meet the needs of users at reasonable prices.

6. It is important that the machine tool industry invest in R & D. The present situation is that R & D establishments of public sector undertakings enjoy duty-free import of capital goods installed at R & D centres, whereas R & D centres of non-public sector companies have to pay 25 per cent + 5 per cent auxilliary duty (total 30 per cent) on capital goods installed by them in such centres. It is recommended that this anomalous situation should be corrected and private sector companies should be given the same facilities as public sector companies as R & D work cannot be differentiated on account of ownership.

Bright future

Numerically controlled turning centre SBCNC, manufactured by Hindustan Machine Tools, Bangalore.

The machine tool industry has a bright future. Given sufficient encouragement by the government and with some of its constraints removed, production can be increased substantially both quantitatively and qualitatively. This will result in earning foreign exchange by creation of an exportable surplus to compensate for the foreign exchange outgo on account of imports.

The development and extensive use of numerically controlled machines which started in the developed countries during the course of the late 60s and 70s, has now come to this country only during the course of the last few years.

It is appreciated that the N.C. machines can never replace totally the general purpose machines or the special machining lines. However, in a large number of cases, specially where the costs of jigs, fixtures are high, the NC machine has become a must. Central Machine Tools Institute NC demonstrations and training centre at Bangalore has done much to introduce NC machining concepts and training in India. The number of NC machines being installed in the country and expected to be installed during 1981-82 has increased rapidly.

At the moment, NC machines are largely imported. However, the Indian machine tool industry has to gear up to meet the demand of this new types of machines. Some of the leading manufacturers like Hindustan Machine Tools, Mysore Kirloskars and Cooper Engineering are already building prototypes, and it is hoped that during the 1980s, production of these machines would gear up to meet the growing indigenous demand.

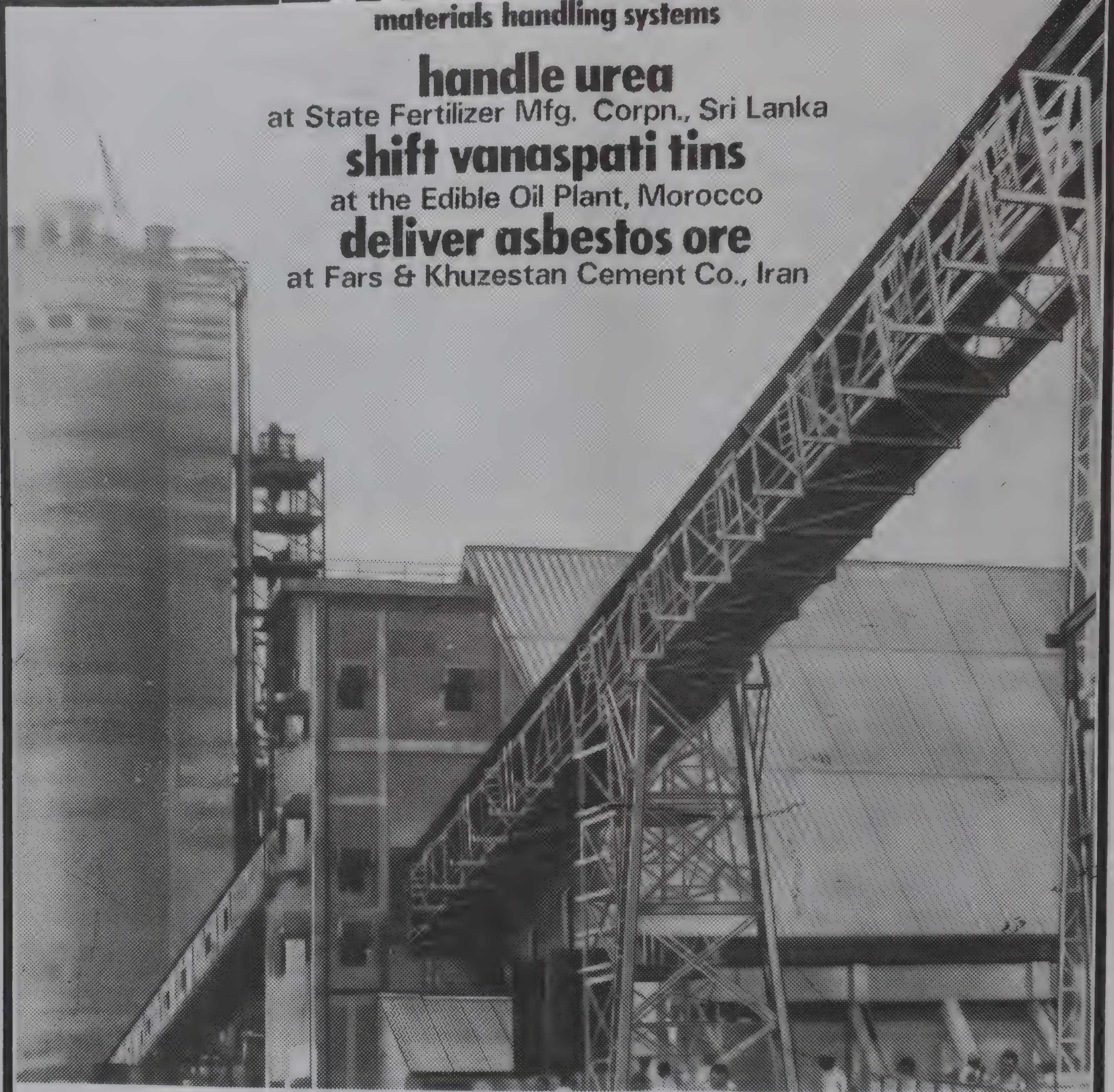
The development of NC machines also presupposes the development of other supporting industries in the fields of electronics, precision components, control mechanisms and other electrical equipments *e.g.* servo motors. In the initial stages, the volume would not be sufficient to be manufactured economically in India. It is, therefore, suggested that the current guidelines of phased manufacturing programme should be revised by the Government to cover the manufacture of sohpisticated machines.

One of the major users of machine tools is the automobile industry and its supporting ancillaries. The automobile industry has a programme for development during the 1990s. The requirement of machine tools as projected by them are staggering, keeping in view the present production and the investment in the machine tool industry. The Indian Machine Tool Manufacturers' Association is working in close co-ordination with the automobile industry so that necessary steps are taken to ensure that the dependence on imports is reduced.

● ●

DYNACRAFT

materials handling systems



handle urea

at State Fertilizer Mfg. Corpn., Sri Lanka

shift vanaspati tins

at the Edible Oil Plant, Morocco

deliver asbestos ore

at Fars & Khuzestan Cement Co., Iran

Dynacraft's capabilities are as diverse as the industries it serves. This is naturally expected of a pioneer. Dynacraft, started the bulk Materials Handling Industry in 1945—and supplied the first major indigenous Belt Conveyor System to the Neyveli Lignite Mines in 1958

Today, Dynacraft materials handling equipment feature in every major sector of the Indian Industry—Fertilizer, Cement, Mining, Coal, Chemicals and Refineries, Food Processing, Paper, Power, Steel, Shipping and Transport. The range of materials handling systems supplied by Dynacraft include Belt Conveyors, Screw Conveyors, Slat Conveyors, Drag Scrapper Conveyors, Overhead Chain Conveyors, Bucket Elevators, Feeders, Electromagnetic Vibratory Feeders and Trippers. Escalators and Fluid Couplings are also built by Dynacraft

Dynacraft, motivated by the spirit of self-reliance, has depended on its own technology since its inception in 1943 The many achievements of Dynacraft's engineering capabilities are "firsts" in India. These include Vertical Turbines for generating Electricity, Chemical and Paper Plants, equipment for producing Cork Rolls and Sheets—and Asia's first outdoor escalator in Bombay

Yet another pioneering achievement of Dynacraft is in the field of Electronic Process Control Systems such as, Weigh Feeders and Batching Plants. The fast expanding Electronics Division of Dynacraft has installed these sophisticated process control systems—often against fierce foreign competition Proof that Dynacraft technology can score over the best from the West

Dynacraft is the only company that can offer materials handling equipment as well as electronic process control systems. This ensures that the plant and equipment design are totally integrated as both mechanical and electronic systems come from one source

One of Dynacraft's current involvements is with India's largest fertilizer complex at Thal which will also be the world's biggest single producer of urea. This turnkey assignment from Rashtriya Chemicals and Fertilizers Ltd. involves the building of a mammoth coal handling plant for the Urea project at the cost of Rs. 7.12 crores.

DYNACRAFT MACHINE COMPANY LIMITED

C. D. Barfiwala Marg, Andheri,
Bombay 400 058.
Branches: Calcutta, New Delhi, Madras, Bangalore.

DYNACRAFT-THE MOVING FORCE

Dattaram-D/MH/4A

Demand for machine tools in 1984-85

D. S. MULLA

THE Ministry of Industry, Department of Heavy Industries, and the Directorate General of Technical Development, had recently expressed their grave concern that the existing manufacturing capacity of the machine tool industry would be inadequate to meet the likely demand for machine tools in the Sixth Plan period 1980/85. That there are already signs of this, was evinced from the fact that a leading manufacturer of commercial vehicles has represented to the Ministry that the machine tool manufacturers are unable to meet, in a reasonable time, the requirement of machine tools for the expansion programme of the automobile industry, leave aside the likely large demand for the new projects such as the Maruti Udyog project.

Whilst the Ministry's concern is valid, and to an extent accepted by the machine tool industry, what is of more concern is that, though the Ministry's attention has, in the past,been repeatedly drawn to the likely shortage which could occur by as early as 1981/82, no action has been taken, to give the necessary facilities and incentives, which would activate the machine tool industry both in the private and the public sector, to invest in the relatively heavy capital expenditure required for expansion of existing units in the industry, leave aside the even heavier capital expenditure to start new units.

Estimated demand

The likely shortage of production capacity was first brought out in reports to the Development Council in May 1976 and August 1977 and in the report to the Working Group of the Ministry in July 1980. In the last report, details were given of the estimated demand by 1984/85 and 1989/90, the existing manufacturing capacity and the additional machine tool capacity required to be created to meet the demands. These are shown in Table 1.

In terms of today's prices, the value of machine tools required by 1984/85, to meet the domestic consumption and exports will be,

Machine tools	Nos.	Rs. crores
Group 'A'	24,100	261.17
Group 'B'		148.05
		409.22

Taking an average capacity utilisation of 80 per cent, the installed capacity required to meet this demand would be approximately,

Machine tools	Nos.	Rs. crores
Group 'A'	30,100	326.46
Group 'B'		185.06
		511.52

As against this minimum installed capacity required by 1984/85, the Ministry in its 'Report on Machine Tool Industry for the Plan Period 1980/85', published in August 1980, estimated a demand, including exports, of Rs 300 crores and an installed production capacity of Rs 375 crores.

Additional manufacturing capacity required

Group 'A'

According to the DGTD, there are about 120 machine tool manufacturers in the organised industrial sector of the machine tool industry having a manufacturing capacity of Rs 140 crores of Group 'A' machine toll equivalent to 17,300 machine tools on the basis of the present product mix.

Whilst the total machine tools required by 1984/85 will be 24,100 as mentioned earlier, it would be desirable to plan for about 25 per cent additional capacity which would allow for optimum utilisation. Planning on this basis, the total installed capacity will need to be 30,100 machine tools and the additional manufacturing capacity required to be installed for Group 'A' machine tools will be for 12,800 machine tools.

Group 'B'

For Group 'B' machine tools, the installed capacity as given by the DGTD is approximately Rs 52 crores. In view of the wide diversity of items in this group and a lack of reliable data, evaluation by numbers of individual items is not possible.

Here again, whilst the total machine tools required in this group by 1984/85 would be Rs 148.05 crores, as in the case of Group 'A', it would be desirable to have about 25 per cent additional installed capacity to meet this requirement, giving an installed capacity of Rs 185 crores and an additional manufacturing capacity of Rs 133.06 lakhs.

It would be very desirable if a detailed study be made of the various industries in this group, particularly to ascertain the demand by numbers of the different types of machines, accessories, portable tools covered by the industry. This study should be carried out an early date, as the likely requirement will touch over Rs 148 crores by 1984/85 and more detailed and reliable statistics will be required for better and organised planning of these industries.

The total additional capacity which now needs to be installed by 1984-85 will be,

Machine tools	Nos.	Rs. crores
Group 'A'	12,800	186.36
Group 'B'		133.06
		319.42

In view of the relatively high cost and long gestation period for setting up new units, the major part of the aditional capacity, as high as 75 per cent, will have to be met by expansion of existing units. In view of the urgency of installing the additional capacity, it is strongly recommended that an early and detailed study be made of the actual capacity of existing units and to see to what extent these can

Mr Mulla is a former chairman of the Development Council for Machine Tools.

be expanded or diversified and only then new units be planned.

Serious consideration should also be given to see whether it is possible to assist some of the better equipped units in the small scale and medium scale sector, to undertake manufacture of improved grades of machine tools under licence from some of the larger manufacturers.

Investment requirement

The additional investment needed to develop and install the additional machine tools and machine tool capacity required in the Sixth Plan will not only be for capital expenditure for fixed assets but also for margin money for working capital and, what is most important, research and development, which will need to be carried out both by the machine tool manufacturers, the Central Machine Tool Institute and the universities and technology institutions.

Assuming that 75 per cent of the additional capacity will be met by expansion of existing units and 25 per cent by new units, the investment required to set up the additional capacity would be,

		Rs. crores
Capital expenditure		277.59
Margin money for working capital		32.17
Research and development		31.98
Industry	23.54	
Universities & Institutions	2.60	
CMTI	5.84	
		341.74

Constraints

The machine tool and machine tool using industries in India work under conditions of severe constraints, not faced by similar industries in more developed industrial countries. The major constraints under which practically all industries operate is one of capacity and production, which is not dictated by economic or market conditions, but by a somewhat outdated licensing policy and constantly changing fiscal and import policy, which has limited and in many cases hampered growth of the industry, particularly the machine tool industry.

Licensing policy

Though there has been some relaxation in government licensing policy for machine tools since 1974/75, this is not adequate and the procedures for getting clearances under the various different acts, rules, authorities especially by *MRTP* and large houses are still too many and cumbersome and leads to delays in installing vital new capacity.

In the coming years, the machine tool industry, particularly the larger units will have to design and develop and take up the manufacture of a large range of completely new, and it is hoped an 'appropriate' range of machine tools. At the same time large manufacturers will need to consider giving up some of the simpler machines to the medium and small manufacturers and assisting them with technical knowhow and facilities for manufacture and marketing of these machines. Unless the procedure of licensing is abolished or considerably simplified and quickened, the desired expansion and transposition will either be delayed and may not be feasible.

The Indian Machine Tool Manufacturers Association *(IMTMA)* has made its recommendations to the Ministry for a broad classification of categories, but pending that the Industry Ministry could

Table I : Demand and manufacturing capacity : Sixth Plan period 1980-81 — 1984-85

	Domestic Consumption Imported & Indigenous		Production capacity required including exports					Additional machine tools required			
						Total Group A & B		Mc Tools Group 'A' Inc. Exports			
	Mc Tools Nos.	Group 'A' Rs. crores	Mc Tools Nos.	Group 'A' Rs Crores	Group 'B' Rs crores	Mc Tools Nos.	Value A&B Rs crores	Nos.	Rs crores	Group 'B' Rs crores	Group A&B Rs crores
Capacity 1979-80								17,300	140.10	54.00	194.10
Production 1979-80	12,614	136.48	13,047	105.66	53.00						
Sixth Plan											
1980-81	13,800	146.77	14,500	124.47	79.03	14,500	203.50	+2,800	+15.63	−25.03	−9.50
81-82	15,100	170.62	16,200	147.40	91.87	16,200	239.27	+1,100	−7.30	−37.87	−45.17
82-83	17,800	208.58	19,400	187.11	112.31	19,400	299.42	−2,100	−47.01	−58.31	−105.32
83-84	19,400	239.16	21,600	220.79	128.78	21,600	349.57	−4,300	−80.69	−74.78	−155.47
1984-85	21,200	274.96	24.100	261.17	148.05	24,100	409.22	−6,800	121.07	−94.05	−215.12
TOTAL	87,300	1040.09	95,800	940.94	560.04	95,800	1500.98				
Seventh Plan											
1985-86	21,800	300.35	25,500	292.92	161.73	25,500	454.65	−8,200	−152.82	−107.73	260.55
86-87	22,400	327.79	27,000	328.75	176.50	27,000	505.25	−9,700	−188.65	−122.50	311.15
87-88	23,100	358.74	28,700	370.43	193.17	28,700	563.60	−11,400	−230.33	−139.17	369.50
88-89	23,800	392.22	30,500	417.27	211.19	30,500	628.46	−13,200	−277.17	−157.19	434.36
1989/90	24,500	428.43	32,400	469.86	230.69	32,400	700.55	−15,100	−329.76	−176.69	506.45
TOTAL	115,600	1807.53	144,100	1879.23	973.28	144,100	2852.51				

(+) Surplus capacity available Nos. & Value
(−) Additional capacity required Nos & Value

ccept the broad classification as given n the MRTP Act, which is metal cutting, rinding and metal forming machine ools.

iscal policy

The very vital importance of the machine tool industry has been recognised all over the world and the Government of India has included machine tools under priority industries under the Income Tax Act 1961.

Taxation

Inspite of this, the incidence of direct and indirect taxes on capital equipment like machine tools is abnormally high. The multiple effect of all these taxes makes it not only difficult to generate adequate finances for capital investment, but by having to bear the higher interest costs and higher depreciation on these taxes, increase the overall cost of the end product, resulting in high cost to the customer, both in the domestic and export market. Levying such high taxes on the basic/primary means of production is not only counterproductive, but is a positive disincentive to increased production and productivity.

Finance for working capital

Also this vital sector of the industry is faced with the problems of availability of adequate finance for working capital. The banks' insistence on applying the Tandon/Chore Committee norms has created considerable difficulties for the machine tool industry in which the works in process has to be longer than in other engineering industry. It would be advisable for the Reserve Bank to prescribe separate norms for this industry.

Import policy and tariff

Whilst there has been a slow but steady relaxation in the import policy for machine tools, Government's withdrawal of machine tools under OGL—Appendix II Part 'B', was retrogressive, in fact many more machines particularly some high technology machines such as Numerically Controlled Work Centress and Turning Centres should have been added to the OGL List. In this context the original decision of the IMTMA not to allow exhibiting of non-OGL machines is also a very retrogressive step, as it has prevented the exhibiting of quite a few NC Machines, the introduction of which would not only have been of benefit to the user but would have helped create a growing market which the machine tool manufacturer would have in the near future serviced with indigenous machines.

In order to create a demand for more modern and productive machine tools it is recommended that,

1. Actual user licences should be freely given for all machine tools.
2. Machine tools should be classified under two or three categories: Those which should be dutiable at 5 per cent and those which should have a duty of 25 per cent or 40 per cent. The surcharge on duty should be abolished for machine tools.
3. The government should ask the Development Council for Machine Tools where both user and manufacturer are represented, to recommend types of machine tools under each duty category. The Ministry may then take a final decision.

Depreciation

With increasing demand on the machine tools and machine tool using industries to expand its capacity, the need to replace existing machines with more productive machine tools, calls for an accelerated rate of depreciation from the present ten years, under existing conditions, to about three years. Under existing conditions of rapid obsolescence, a realistic rate of depreciation would be,

	Ratio %
First Year	40.00
Second Year	25.00
Third Year	15.00
	80.00
Investment allowance (As at present)	25.00
Total in three years	105.00

This should give adequate incentive for replacement of machine tools which alone will help rapid increase in production and productivity.

Statistics

Import statistics

There is a complete lack of up-to-date statistics of import of machine tools. The latest available figures of imports are for 1977/78. It is strongly recommended that a system of giving certificates of imports, without which the machine tools will not be cleared, should be introduced. The certificate should be issued by the *DGTD* who will keep duplicate of these certificates. This will serve a two-fold purpose. It will help maintain accurate and reliable statistics of imports and also if the category of duty is mentioned by the *DGTD* would serve to avoid controversies at the time of clearance.

Census of machine tools

Almost all industrialised countries have been carrying out periodic census of machine tools, most of them every five years. India's last census was carried out in 1968, and since then, though repeated requests have been made by the machine tool and user industries, no census has been taken on the plea of economy.

The basic reason for the survey is to try and assess the overall machine tool population and the productivity and efficiency of the engineering industry in India and to determine the measures, short and long term, which the machine tool manufacturer and user should take to increase productivity and the efficiency of the industry in order to improve competitiveness both in the home and export market.

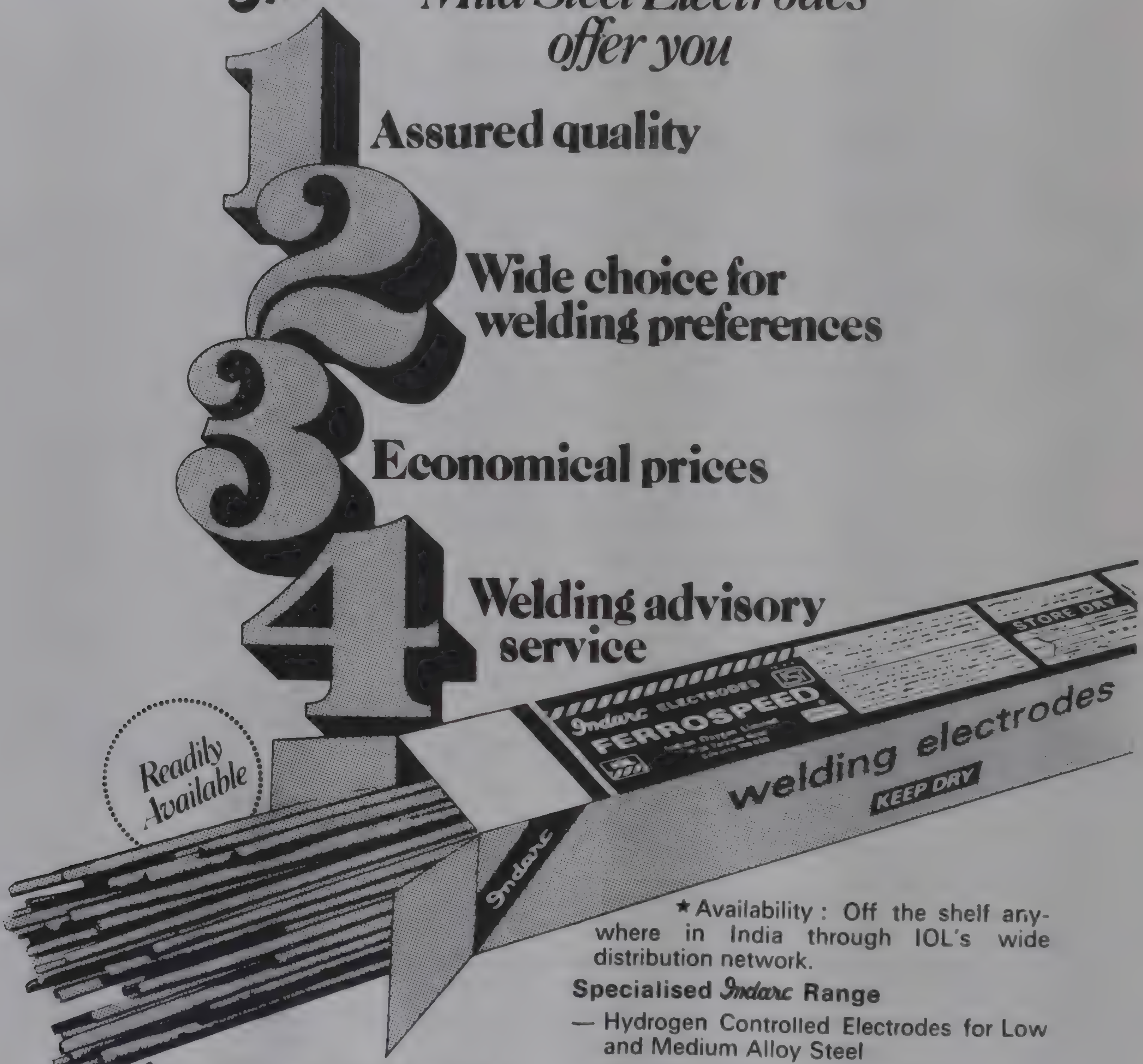
The census survey normally divides the machine tools into four 5 year groups, thereafter clubbing together all machines over 20 years. Whilst machine tools over ten years are generally considered obsolete, generalisation in this industry is dangerous, for with the rapid innovations taking place in the field of machine tool technology, even machine tools of 5 years or lower could, productivitywise, be obsolete.

It is here that a survey becomes so useful, in fact essential, in pinpointing not only the obsolescence by age, but obsolescence by types and should help the industry and government to introduce such fiscal and other measures that will enable the industry to write off its obsolete machine tools and reinvest in more productive equipment. To the individual firm, the census can be very useful to compare the pattern mix by type and age of his machinery as against the industry average in his group of industry.

It is suggested that as in the past, the DGTD requests the CMTI to undetake the survey. Necessary assistance in this would be given by the manufacturers' association.

For the best deal yet in General Purpose Electrodes

Indarc Mild Steel Electrodes offer you


Readily Available
Indarc ELECTRODES
FERROSPEED
Indian Oxygen Limited
STORE DRY
welding electrodes
KEEP DRY
Indarc

1 **Assured quality**

2 **Wide choice for welding preferences**

3 **Economical prices**

4 **Welding advisory service**

Indarc Mild Steel Electrodes offer a range of benefits without sacrificing quality.

- ★ Welding advantage : With Indarc you get superb weld quality and maximum metal recovery.
- ★ Pricing : You pay for quality at a very economical price.
- ★ Range : Extensive. There's an Indarc electrode for practically every welding job.
- ★ Availability : Off the shelf anywhere in India through IOL's wide distribution network.

Specialised Indarc Range

- — Hydrogen Controlled Electrodes for Low and Medium Alloy Steel
- — Electrodes for Welding Cast Iron
- — Electrodes for Welding Stainless Steel
- — Electrodes for Welding Copper and Copper Alloys.

Indarc Mild Steel Electrodes
— unbeatable for quality and value

IOL
Indian Oxygen Limited
P 34 Taratala Road, Calcutta 700 088

IOX/CAS·6/61E

pportunities before diesel engine industry

G. MATHRANI

SO much has been written in India and abroad about Indian industry. The story cannot be complete without a product that plays a vital role in every national activity; and an industry with an inspiring past and a future full of challenge and growth. The product is the diesel engine that is transforming parched land into acres of green, propelling the boats and trawlers that harvest the ocean's bounty, delivering power where it is needed most.

The first fifty years

The Indian diesel engine industry has grown dramatically both vertically in terms of production and sales turnover as well as horizontally in terms of product range. And along with it grew the ancillary industries to form a comprehensive diesel engine manufacturing base in the country.

Despite several constraints that have limited the industry's all-round growth in some areas, the record since 1932 when the first engine was produced has been impressive.

Today the industry consists of over 800 manufacturing units, of which 34 are in the organised sector. Small manufacturers producing 1,000 engines a year co-exist side by side with large manufacturers with 10,000 engines-a-year capacities. Together, they deliver over 400,000 diesel engines a year in a wide HP range (from 3 to 800 HP) for agricultural, marine, transport, construction and earth-moving activities.

Generating employment is an important responsibility of every industry, particularly in a vast, developing country like ours. And in this national endeavour, the Indian diesel engine industry has been at the forefront - employing directly over 50,000 workers in addition to several thousand more in the 3000 ancillary industries. The major manufacturing centres are spread out countrywide: in Aurangabad, Agra, Ahmedabad, Coimbatore, Ghaziabad, Kolhapur, Ludhiana, Pune and Rajkot. In terms of investment, no less than Rs 100 crores have been pumped into this industry.

Technological advancement

Production and sales turnover are all very fine. But finally, an industry's dynamism must be measured by its qualitative growth as well.

In tune with national priorities, the industry has invested consistently in research and development. And by relating the R & D programmes to the special geo-economic conditions of our country, the industry has made major strides.

In defence, for example, the industry in collaboration with various defence production units has achieved complete self-reliance in the manufacture of rugged, high performance prime movers used in gensets, radar equipment, tanks and armoured vehicles, *etc*.Even the requirement for large gensets (300 to 400 kva range) is met by the industry, making the country self-reliant in a very vital sector.

There are about three million pumpsets with diesel engines in operation on the agricultural fields in India. These engines are making valuable contribution in a priority sector to keep our millions fed and looked after. More important, diesel engines excel in providing more and timely water supply. With power situation being what is it, diesel engines help provide water to farmers wherever, when and in the quantity that it is required.

In industry, the rapid growth in the manufacture of products like fork lift trucks, concrete mixers, road rollers etc., over the last two decades particularly, has in many ways been catalysed by the availability of a wide range of prime movers. The readiness and ability of diesel engine manufacturers to adapt or modify the basic design of their engines to meet the requirements of local conditions has played a key role.

Marine Industry

Another area of dynamic growth has been the marine industry. The range and technological sophistication the industry has achieved in the manufacture of marine engines has been particularly significant. Here again the industry has designed or modified existing engines to suit our conditions. Today there are over 16,000 mechanised vessels in India. Their number has grown from about 5.000 to 16,000 in the last 10 years. Had it not been for diesel engines, our sea-foods industry would not have made the progress it did – particularly in the export markets.

Progress has also been made in the development of a range of diesel engines for road transport. Old petrol-driven light commercial and allied vehicles are increasingly being converted for diesel operation by fitting the new diesel engines.

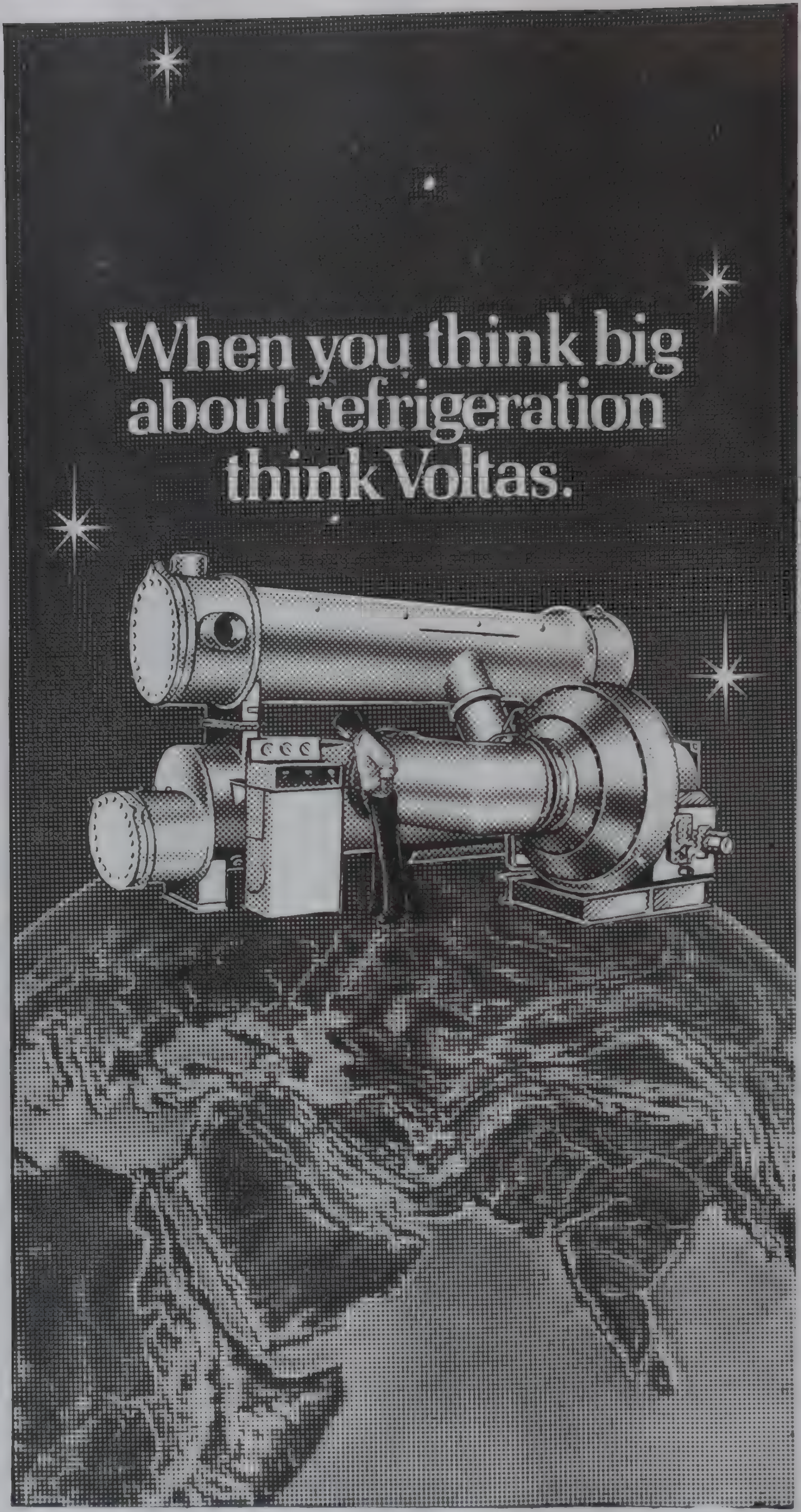
The indigenous development of new diesel engines of up to 150 hp in the last 8-10 years has spurred vehicle manufacturers to develop and innovate. A case in point is the range of tractors available today based entirely on indigenous know-how. These tractors are more popular than older models based on imported engines.

Stepping-up fuel efficiency

The record of R & D work done by the major diesel engine manufacturers is in many ways comparable to that of other world leaders. It has, in fact, won considerable respect and acclaim overseas. The fuel consumption figures of the new models (right up to 1200 hp) compare favourably with those in the United States and Europe. Interestingly because fuel efficiency was already a priority with the Indian diesel engine industry, it was in many ways better prepared than many other countries when the oil crunch hit the globe

---

Mr Mathrani is chairman, Ruston & Hornsby (India) Ltd.


When you think big about refrigeration think Voltas.

Many leading names have never thought twice

Voltas' 2-stage centrifugal refrigeration system offers a number of big benefits:

- A longer working life.
- Lower maintenance costs.
- About 16% less power consumption than the conventional single-stage machines.
  Excellent for low temperature applications to chill brine up to—5°C.

Little wonder then that leading names in Indian industry have unanimously gone in for Voltas:

- **Shriram Vinyl, Kota**
- **Indian Drugs & Pharmaceuticals Ltd., Rishikesh**
- **Modipon Ltd., Modinagar**
- **Hindustan Copper, Ghatsila**
- **Baroda Rayon Corporation Ltd., Udhna**
- **Indian Organic Chemicals Ltd., Madras**
- **Hindustan Organic Chemicals Ltd., Rasayani (Maharashtra)**
- **Jagatjit Cotton Mills, Hoshiarpur**
- **Tungabhadra Fibres Ltd., Hospet**
- **Department of Space, Bangalore**
- **Atomic Energy, Kalpakam**
- **Hotel Surya International, New Delhi**
- **Asian Hotels Ltd., New Delhi.**

Centrifugal Refrigeration System by

VOLTAS
NO.1 In keeping cool.

VOLTAS LIMITED
Air Conditioning
& Refrigeration Division

CASV-472-203

Bombay • Calcutta • New Delhi • Madras • Bangalore • Jamshedpur • Ahmedabad • Secunderabad • Cochin

The other innovations are in the evelopment of an exciting new breed f engines based on natural gas, diesel ixed with 30 per cent alcohol and *gobar* *as* mixed with 20 per cent diesel. While hese alternative-fuel engines certainly old exciting possibilities in Indian conditions their commercial utilisation is closely linked with the availability of *gobar* for the purpose. *Gobar* in rural India is used to light the fire under the "*choola*", hence its availability to make gas to run diesel engines will be limited.

Engine models based exclusively on alcohol as fuel have also been developed by the industry. But once again, commercial success of this alternate fuel is linked to the availability of alcohol which is a controlled commodity and in short supply.

Efforts have also been made by the engine manufacturers to reduce luboil consumption from the conventional 1 per cent of the fuel consumption to ½ per cent.

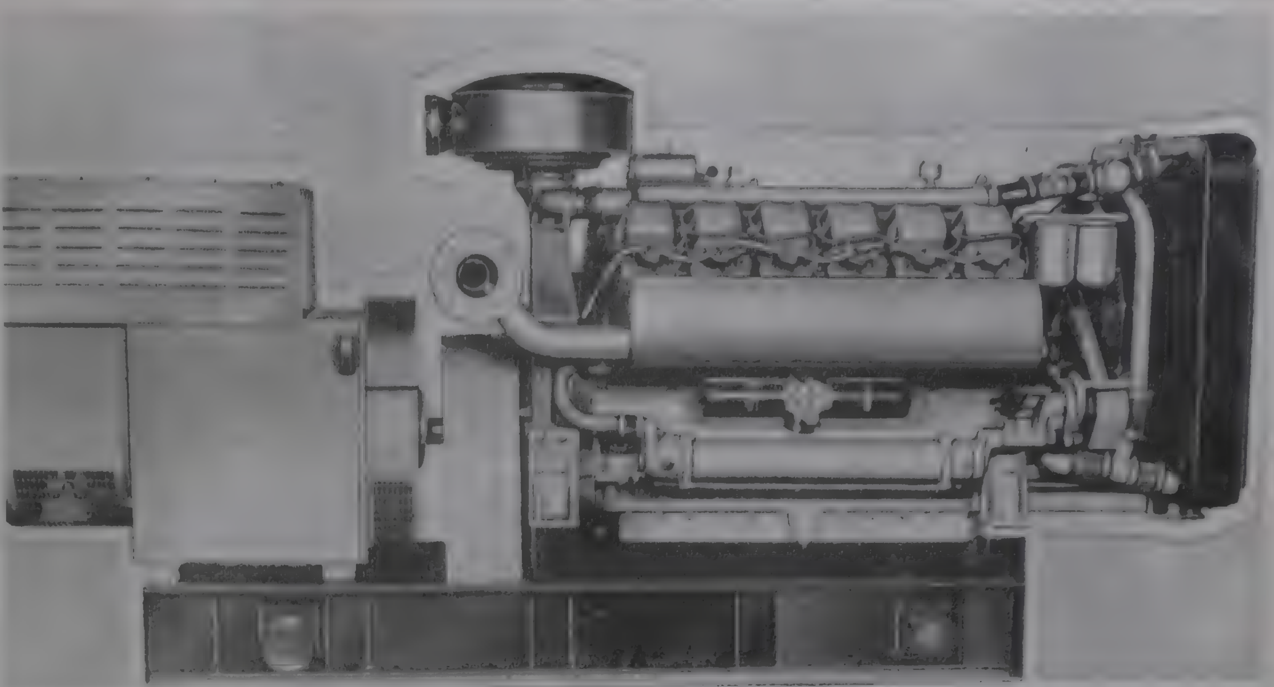
Export potential

The Indian diesel engine industry is also making a mark in the fiercely competitive and demanding markets of the world. Exports have more than doubled from Rs 21 crores in 1975-76 to Rs 45 crores in 1979-80. And the growth continues as Indian diesel engines are shipped across the oceans to new destinations (even in the advanced countries) and in larger quantities than ever.

As for the future, a significant and heartening change in the pattern of our export order is becoming apparent. While in the past, low horse power engines accounted for the bulk of our exports, today it is the sophisticated large horse power engines that are winning major orders — and countries like the UK, USA and Australia are fast becoming very important buyers. The consequent increase in units value is contributing to higher export earnings.

Some constraints

The key to growth for a major industry like ours is related to the industry's understanding of the country's national aspirations and, in turn, the government's understanding of the industry's role and potential. While the government has certainly encouraged growth in the industry on the one hand, we believe it could do more to help us contribute our full measure to national growth.


A genset powered by MWM diesel engine.

The industry's growth over five decades has been considerable yet far from adequate when examined in the context of our licenced capacity, number of units and five-year plan objectives. On a world wide scale, while the Indian diesel industry accounts for over 5 per cent of world production in quantity, its share in terms of value is, paradoxically just about 1 per cent.

A major constraint on both quantitative and qualitative growth has been a variety of direct and indirect price controls exercised by various marketing federations and financing bodies. These limitations have prevented both small scale manufacturers from improving their products and large scale organised sector manufacturers from delivering to farmers the benefits of today's more sophisticated and fuel efficient diesel engines. Not surprisingly, the ancillary industries too have not been able to move the times in terms of technological development. These factors have also hindered our exports, particularly of small horse power engines, to the highly competitive and demanding overseas markets.

An obvious and important factor is the stringent financial regulations and credit squeeze that have become a modern day phenomena resulting in overall lack of availability of finance for manufacturers to invest in new and more modern technology and equipment.

Problems and opportunities

As the Indian diesel engine industry stands poised to cross half a century of growth, we can see before us both problems and opportunities.

The opportunities are indeed immense. In conserving energy by laying down new fuel efficiency standards for the industry. In further enhancing the reliability of our products through stricter and uptodate quality control systems. In utilising better the industry's vast capabilities in the manufacture of 3 to 20,000 hp engines — particularly in relation to defence requirements in battle-field and non-combat situations.

Other challenges are also in the areas of marketing and after-sales service. New products related to the specific geo-economic conditions of our country need to be developed through field study and application development. After-sales service should be assured to customers throughout the effective life of an engine — with full spares, servicing and reconditioning back-up. As for exports, we must penetrate further into the European and American markets and establish a strong base in the growing African and Middle East markets.

The problems the industry faces include financial constraints in importing the fast-evolving manufacturing technology and equipment of the West which require massive capital outlays. Relaxation in the prohibitive customs duty could give the industry a much needed fillip.

A removal of price constraints in the agriculture sector, too, would revitalise the industry and encourage manufacturers to upgrade their products. The increased technological inflow is bound to permeate all the way down to the level of small scale manufacturers as well as the ancillary industry—resulting in a balanced and qualitative advancement in the entire industry. This would surely lead to better diesel engines for the vital agricultural sector, for instance, and to economies of mass production which would make us, like Japan, increasingly competitive overseas.

For India's first Super Thermal Power Station, only the best will do.

Power Generation equipment from BHEL.

BHEL join hands with NTPC in its venture to set-up India's first Super Thermal Power Station at Singrauli. This gigantic complex will have an ultimate installed capacity of 2000 MW. BHEL are proud that they have earned the confidence of NTPC and have been entrusted with the responsibility of providing the entire power generation equipment for this Rs. 1000 crore Super Station.

With confidence BHEL took up the challenge. The first major milestone has been successfully accomplished. Within just 48 months Singrauli's first 200 MW set has been synchronised, assisting NTPC in meeting its commitment to the nation.

This accomplishment is indicative of BHEL's expertise in Integrated Project Management. Planning, co-ordination and monitoring of men, machines and materials at BHEL units spread over different parts of the country, sub-vendors in India and abroad and at the remote site of Singrauli.

With Singrauli, the nation enters the era of Super Thermal Power generation. This calls for most demanding technical standards for which BHEL are fully geared.

BHEL's contribution at Singrauli.

5 x 200 MW turbine-generator sets, steam generators, associated auxiliaries, 250 MVA generator transformers, 100 MVA interconnecting transformers, auxiliary transformers, circulating water pump motors, bus ducts etc.

2 x 500 MW turbine-generator sets & steam generators.

This constitutes about 40% of the total project cost.

Bharat Heavy Electricals Limited
Registered Office: 18-20 Kasturba Gandhi Marg
New Delhi-110 001

POWER TO THE PEOPLE

ASP/BHEL/82

Textile machinery sector: Growth outlook

SURESH MEHTA

STARTED about 40 years ago, the Indian textile machinery industry has now become a major sector of Indian engineering goods industries. The 60s and 70s witnessed rapid growth of the textile machinery industry. The production of complete machines, components and accessories recorded an increase from Rs 134 crores in 1975-76 to Rs 304 crores in 1980-81. Notwithstanding the slackening of demand for textile machines, components and accessories from the cotton textiles industry as a result of the recessionary conditions faced by the industry at present, there is little doubt that the textile machinery industry is poised for significant growth and expansion in terms of production and exports abroad during the 80s.

Total production of textile machinery, components and accessories increased from Rs 134.4 crores in 1975-76 to Rs 200 crores in 1980-81. The details are given in Table I.

The textile machinery industry has planned to raise the production of spinning, weaving, processing, testing and hosiery machinery as well as accessories and components to Rs 460 crores by 1984-85. The details are given in Table II.

The Indian textile machinery industry now meets bulk of the requirements of the user industries such as the cotton textile industry for spinning, weaving, processing and hosiery machinery. The equipment of the textile machinery industry wasbased on textile technology available in the world in the 60s, and there was considerable technological gap between machines, process and products of the Indian industry as contrasted with comparable products of textile machinery industry in advanced countries.

There has been an increasing awareness on the part of the Indian textile machinery industry of the need to upgrade technology, improve designs and raise quality of the indigenous products so as to bring them on par with the best products of the textile machinery industry in advanced countries. To that end, many units have established and undertaken vigorous research and development efforts and many tie-ups have been negotiated and implemented by leading Indian textile machinery manufacturers in collaboration with some of the best known textile machinery manufacturers in West Germany, France, Switzerland, Italy and Japan. The technological gap between Indian machinery industry and the textile machinery industries in advanced countries has now been significantly narrowed down and Indian manufacturers are in a position to offer machines, components, accessories and utilities which conform to the best international standards and are fully cost-competitive.

Future trends

India is the home of the cotton textile industry and the total cloth production of organised and decentralised sector of the cotton textile industry now ranges around 9 to 10 billion metres. The indigenous cotton textile industry offers a very large market for the products of the Indian textile machinery industry whose fortunes are closely linked with those of the Indian textile industries in general and cotton textile industry in particular. Currently, the cotton textile industry is facing difficulties in the form of a double squeeze of sharp cost escalation, especially the prices of raw cotton, and consumer price resistance. This has, doubtless, resulted in a significant slackening of demand for textile machinery, but the present depressed position should be only a temporary phase and signs of revival of demand have already become evident. Moreover, the vigorous implementation of the modernisation programme,which has already slackened somewhat during the past year, should help to maintain continuous and expanding demand for the products of the textile machinery industry.

The textile policy of Government of India to authorise expansion of spinning capacity, imports of critical spare parts, whenever in short supply,combined with the soft loan scheme of the Industrial Development Bank of India (IDBI) to help the modernisation of cotton textile mill industry, have created a firm and

Table I : Production of Textile Machinery, Components and Accessories

(In crores of rupees)

Year	Complete machinery	Components Accessories	Total
1975-76	80.39	53.96	134.35
1976-77	95.69	53.31	148.99
1977-78	89.53	54.02	143.55
1978-79	134.31	67.39	201.70
1979-80	170.00	71.58	241.58
1980-81	222.40	81.30	303.70

Table II : Planned increase in Production of Machinery Industry

(In crores of rupees)

	1981-82	1982-83	1983-84	1984-85
Spinning	150.00	165.00	180.00	200.00
Weaving	31.00	36.00	38.00	45.00
Processing	40.00	44.00	54.00	60.00
Textile Testing	3.00	3.00	4.00	4.00
Hosiery	6.00	7.00	9.00	11.00
	230.00	255.00	285.00	320.00
Accessories/Components	100.00	120.00	130.00	140.00
	330.00	375.00	415.00	460.00

Mr Mehta is the chairman of Star Textile & Industrial Enterprises Pvt Ltd.

expanding demand for the products of the textile mill machinery industry. This has stimulated active interest on the part of the leaders in this industry to increase investment and capacity and up grade technology. It is expected that additional capital investment of Rs 100 crores may be made by the industry in expansion of capacity during the Sixth Plan period.

Export front

Notwithstanding the strong pull of domestic demand, the Indian textile machinery industry has made conscious efforts to build up and maintain a substantial level of exports abroad. The total exports had reached a high level of Rs 22.8 crores in 1975-76 but due to internal and international factors, the exports tended to come down in last few years, rising again to about Rs 20 crores in 1980-81. the textile machinery industry and the Engineering Export Promotion Council have now set a target of Rs 25 crores of exports of textile machinery, components and parts for 1981-82.

The international market for textile machinery had faced a relative recession between 1975 and 1980, but there has since been a revival of demand selectively in international markets from the begining of 1981. In this connection, the great potential for the exports not only of the textile machines and components, but also of project exports including exports of a variety of services such as consultancy, management, project engineering, construction and commissioning and supply of essential utilities as a part of full turn-key project for setting up new textile mills in countries in South-East Asia, and especially in countries in Africa, provide a new dimension for greatly increased exports from India.

The International Textile Machinery Exhibition held at Bombay in November/December 1980 demonstrated significant advances made by large and small textile machinery manufacturers and also manufacturers in important fields such as processing machinery, instrumentation and testing. Since the technological gap between Indian industry and the foreign industry has now been almost bridged, Indian manufacturer, acting singly or as a consortium, can provide to the developing countries mentioned above sophisticated blow room and opening lines, cards, ring spinning frames, combers and lap formers, open-end and two-for-one twisting machines, improved designs of stenters, dyeing machines, printing machines and a range of weaving machines including preparatory, precision winding, warping and sizing machines.

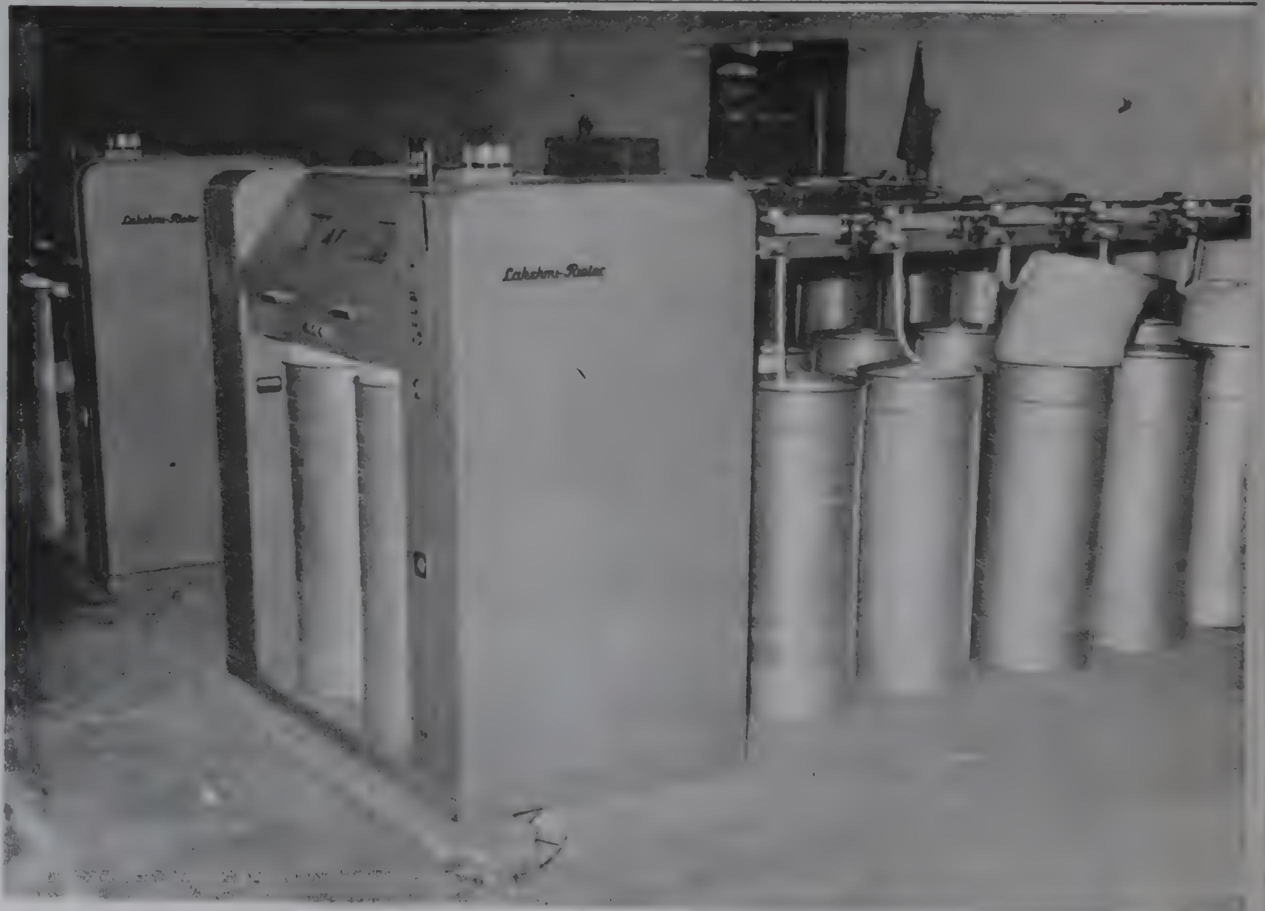
Export strategy

It is common knowledge that the focus of expansion of textile mill industry has now shifted from the developed countries of the world *viz.* Western Europe and Japan to the developing countries in South Asia, South-East Asia, Africa and Latin America which offer substantial outlets for increased exports of Indian textile machinery and components. Indian manufacturers are in a position to supply machines, processing machines, hosiery machines and weaving machines.

Moreover, the point which is often overlooked is the fact that Indian machines are found to be more suitable to the climatic conditions and the available local skills in developing countries which wish to modernise their existing units or to establish new textile spinning, weaving and processing capacity. Bangladesh, Sri Lanka, Pakistan, Thailand, Malaysia, Singapore, Vietnam, Laos, Philippines,South Korea, Taiwan and China in Asia; Egypt, Sudan, Tanzania, Nigeria, Libya, Ghana, Kenya, Algeria in Africa., Cuba and Mexico in Central America and finally the countries of Eastern bloc including the USSR are our potential markets.

An integrated export strategy designed (a) to provide technical training and textile engineering to local personnel, (b) undertake management of existing mills with a view to modernising them and making them viable and (c) provide equipment, components and parts, would pay rich dividends. The Indian cotton mills industry and the Indian textile machinery manufacturing industry have considerable experience of operating in environmental and economic conditions which are similar to those in India for most of the potential countries in Asia and Africa which propose to modernise or expand their textile mill industry. The major reason why Indian machinery industry has not in the past secured a major break-through in these potential markets is the large communications gap between the knowledge about the Indian production and export capability and the requirements of these countries.

It is the firm conviction of the author that India is on the verge of a major breakthrough so far as recognition of both India's production capacity in textile engineering and capability in providing consultancy, project engineering and management services to run the textile industries of the Third World are concerned. Technical seminars or symposia visits of technicians to see what Indian textile machinery industry has to offer, informed exchange of views on the training which Indian manufacturers can offer to the local personnel and the capacity of other auxillary industries to provide basic utilities such as air-conditioning and humidification plants or electrification



Inside view of the drawing section of a textile mill.

ayouts, apart from textile machinery and components, would go a long way to help Indian industry to secure turnkey project contracts and management services contracts in these countries.

This process can be gretly helped if international financial institutions such as the World Bank and the ADB recognise the special suitability of Indian machines or Indian management personnel to the requirements of these countries in Asia and Africa and also countries of Europe such as Turkey, Greece. Constructive and active support on the part of the financial institutions to permit Indian manufacturers to bid on open competitive tender basis *vis-a-vis* their counterparts in advanced countries is assured by government efforts at high level. It is no secret that today the Government of India and most of its embassies and high commissions are the best sales emissaries in projecting a sophisticated image of the Indian engineering industry in relatively new areas such as textile machinery and engineering.

Two way trade

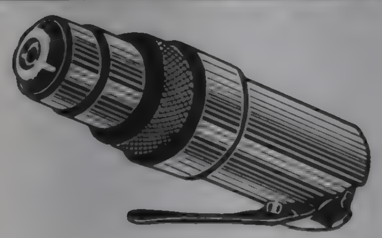
It is important to recognise in this connection that the history of global world trade has shown that there can be and there is two-way trade in the same product field between two exporting countries. For example, while the USA exports large automobiles to Western Europe, small automobiles such as the Volkswagon and Toyota of West Germany and Japan figure largely in the imports of cars in the USA. The same is true of machine tools, chemicals and a host of other products. On the same analogy, while India may be in a position to export certain categories of textile machines and components and parts where Indian industry has a comparative advantage India may be importing at the same time textile machines of a different category from advanced countries.

The history of international trade has demonstrated that there is tremendous scope for two-way trade as a means of expanding total value and volume of world trade in the interest of all countries. From this stand point, if the real interests of developing countries with due regard to the stage of their economic development, availability of inputs such as power, skilled labour, are taken into account by financing institutions, there is no doubt that the Indian textile machinery industry would be able to hold its own under global competitive tenders in securing contracts for exports of machines, management services and turn-key projects from a large number of developing countries in Asia, Africa and Latin America and some of the less developed countries in Europe.

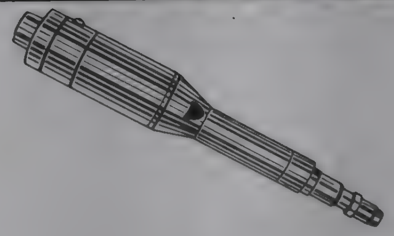
Based on the renewed interest in exports by Indian textile machinery manufacturers, Engineering Export Promotion Council's panel on textile machinery is drawing up a countrywise strategy for the next couple of years in areas with regard not only to the export targets of textile machinery and textile machinery components and accessories, but also of engineering exports relating to the setting up of textile mills such as electrification, airconditioning/humidification, water treatment plants, boilers, workshop equipment, fire fighting equipment etc. etc. and so also foreign exchange earnings by way of consultancy, project engineering, erection, commissioning and management services.

Taken together, the performance in the textile sector of engineering exports should reach a target of at least Rs 100 crores by 1984-85. Considering the opportunities unfolding before the Indian textile machinery manufacturers and Indian exporters and particularly the fact that recognition of our capacity is on the verge of major breakthrough, the above target of Rs 100 crores can only be regarded as a conservative target, which, given the will and dynamic posture by Indian entrepreneurship, can certainly be exceeded.

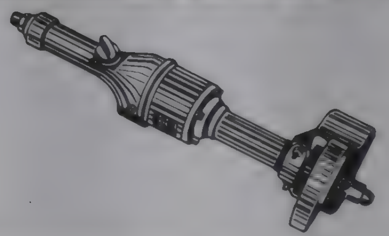
Air Tools for Industry



PNEUMATIC HAND GRINDER
PG-I-30
High speed grinder suitable for mounted wheel.
Application for die work.



MIDGET PNEUMATIC DIE GRINDER
DG-I & DG-IA
Typical duty include, deburring, touching of weld, finishing castings.



HEAVY DUTY GRINDER
HG-2 & HG-3
Finishing of heavy duty castings, in cast iron and steel, finishing of weld etc.

ANGLE GRINDER/SANDER
AG-45 & AG-60
Available with cup wheel, cut off disc, wire brush for scrubbing uneven surfaces, welding spots, buffing and sanding-polishing.

CHIPPING HAMMERS
PT 1, 2 & 3
Fettling in medium steel cast iron and heavy aluminium casting, heavy duty cast iron and billets-steel castings

PNEU-TECH
ENGINEERING
17, Ashok Industrial Estate,
Lal Bahadur Shastri Marg,
Mulund, Bombay-400 080.
Tel: 595697-501334,
Post Box No.7772
Grams: "Newspares"
Mulund, Bombay-400 080.

CROMPTON GREAVES–
WHERE POWER IS.

For nearly three-quarters of a century, Crompton Greaves products have been propagating the power of electricity. To customers all over India and in 70 countries. From giant projects to the smallest factory. From sprawling fields to hospitals, hotels and homes. Wherever the power of electricity is generated, tamed and harnessed.

Our expertise and competence mean an extensive line of world class products and services. Our well-coordinated, precise manufacturing and testing facilities—the finest in the country—as well as our result-oriented Research & Development make for a high degree of technological excellence. Our vast experience gives us the capability to undertake project engineering and turnkey electrification assignments—regardless of their size. Above all, because Crompton Greaves is Crompton Greaves!

From power to productivity to progress

Crompton Greaves
LIMITED
1, Dr. V. B. Gandhi Marg, Bombay 400 023

Motors • Alternators • D.G. Sets • Switchgear & Fusegear • Power & Distribution Transformers • Domestic, Industrial & Agricultural Pumpsets • Fans • Specialised Luminaires, Lighting Products & Fittings • Industrial Plugs & Sockets • Electrification Contracts • Exports

ULKA-41-79R

Problems of power development

K. L. PURI

Immediately after independence, our policy makers had rightly visualised that large-scale power development in the country was not feasible without the existence of an indigenous power plant equipment industry. Thus, came into existence, the first plant of what is today known as 'Bharat Heavy Electricals Limited' *(BHEL)*, at Bhopal 25 years ago. If viewed in the context of the experience available with world leaders in similar field of business, *BHEL* is still a very young organisation; but from the modest beginnings made nearly quarter of a century ago, it has indeed come a long way.

BHEL's presence in the power sector was felt when the first *BHEL* thermal sets of 30 mw and 60 mw ratings were commissioned at Basin Bridge and Ennore in 1969-70. These sets accounted for not even one-tenth of the addition to the installed capacity in the country during that year. About a decade later, in 1980-81, the capacity commissioned on account of *BHEL* sets was over 80 per cent of the additions to the generating capacity in the country during that year. In fact, during the last five years, the capacity commissioned on account of *BHEL* sets is over 80 per cent of the total additions to the capacity in the country in this period.

BHEL has, till 31st March, 1981, manufactured power equipment totalling to about 22,000 mw (112 sets—15230 mw thermal and 114 sets—6616 mw hydro). Out of this, over, 12,700 mw of equipment (72 sets—8960 mw thermal and 70 sets—3765 mw hydro) have already been commissioned. Today, the capacity commissioned on account of *BHEL* sets, constitutes nearly 43 per cent of the total installed capacity in the country, and the country is well set for self-sufficiency in respect of power generation equipment. *BHEL* is fully conscious of its responsibility in meeting the above challenges and is fully geared to take care of the tasks ahead.

Sixth Plan and BHEL

The Sixth Five-Year Plan (1980-85) envisages an addition of 19,666 mw (97 sets—14,208 mw thermal; 109 sets—4768 mw hydro and 690 mw nuclear) during the Plan period. Out of the above, *BHEL* has to supply 74 sets—12,612 mw thermal and 77 sets—4371 mw hydro. Till 31st March, 1981 *BHEL* had already supplied 45 thermal sets and 43 hydro sets constituting about 60 per cent of mw capacity to be added during the Plan. As per the present programme for thermal equipment, all the remaining sets, except two, would be delivered by *BHEL* before the end of 1982-83. In case of hydro, all but five sets would have been supplied by 1982-83. *BHEL* would have thus fulfilled its part of job so far as supply of major equipment is concerned.

Analysing the thermal area further, as it is beset with many problems and has a major contribution to the planned additions, it is worth mentioning that the above position relates to supply of major equipment, *viz.* turbine, generator, condenser, pressure parts of boiler, drum etc. There are other items of equipment like pumps, valves,piping, instrumentation & control and some other bought outs, which are procured from various sources within and outside the country. These items have sometimes got delayed in the past leading to bottlenecks at the time of erection and commissioning.

Analysis of such delays have pointed to the need for early finalisation of the engineering layout and specification of the equipment to enable timely ordering of such bought outs. With greater emphasis now being paid towards standardisation of layouts and equipment specifications and identification of a number of parallel sources for procurement, no delays are envisaged on this account in future.

Need for integrated project management

BHEL's portion of equipment constitutes around 40-45 per cent of the total cost of a thermal power station. There are, however, other substantial areas of work and equipment outside *BHEL's* scope of supply like coal handling plants, circulating water plants, HT & LT supply, civil works, instrumentation and control etc., which are also to be made available in time and proper sequence, to match with the schedules of the master network for commissioning of a power plant. The erection and commissioning of even *BHEL* portion of equipment, is in turn, dependent on the timely availability of one or more equipment from other sources as well as other infrastructural inputs from the side of the customer.

To derive the maximum advantage from the availability of all inputs including equipment, it is essential that integrated project management based on modern techniques be employed. This alone would minimise the slippages in the achievement of targets for additional installed capacity. Wherever these techniques have been applied results have been very encouraging. As an example Singrauli and Parli power stations which were taken up on a systematic turn key basis applying the modern techniques of project management have shown excellent progress. Parli was commissioned in 42 months' time from the date of order. Singrauli was synchronised recently, which is an outstanding example of good project management. By same techniques, this is an area, which needs considerable strengthening and any suggestions would be most welcome.

Future programmes

With such a large-scale involvement of BHEL in the power programmes of the country, it is necessary to examine *BHEL's* capability to meet the country's requirements. The areas for such examination could relate to the following queries:

- —will *BHEL* be able to deliver in time the equipment needed for the country's requirements?
- —Will *BHEL* equipment be able to give satisfactory performance, and give rated output?
- —Will *BHEL* be able to provide satisfactory after sales service and spare parts etc.?

These are no doubt very pertinent questions in the context of the prevailing power shortage in the country and the people are entitled to know their answers. I have already given figures to illustrate

---

Mr. Puri is chairman and managing director of Bharat Heavy Electricals Ltd.

that so far as the delivery of equipment is concerned, *BHEL* is well set to meet the total requirements of the country and in fact, a large portion of equipment for Sixth Plan requirements has already been supplied.

BHEL has also undertaken the capacity augmentation programmes for the TG, boiler and other associated auxiliary areas, which would enhance its production capacity for thermal equipment to over 400 mw per year from 1983-84 onwards. This would be fully adequate to take care of even Seventh Plan requirements. In its quest for providing best products and services to the customers, *BHEL* is constantly on the lookout for latest technology available in the world and best suited to our conditions. In the TG and boiler area, we have ongoing collaboration agreements with world leaders like Messrs Combustion Engineering, USA. In so far as the auxiliary equipment is concerned, *BHEL* has already concluded an agreement with Messrs Weir Pumps, UK for the condensate boiler feed pumps. At present we are also actively considering updating the technology for transformers and feed water heaters and pipings of large sets. Thus *BHEL* has fully geared itself with adequate manufacturing capacity and suitable technology to meet the country's entire requirements in regard to the power equipment.

Performance

Doubts have also been raised from time to time in regard to the performance of *BHEL* equipment, but a detailed analysis would reveal that these doubts are not well founded and not based on correct information. One of the criteria adopted for generally evaluating the equipment performance has been the plant load factor *(PL F)*. On closer scrutiny, it is found that this can give distorted picture. Although a high *PL F* indicates good performance of the power system as a whole, a poor *PL F* does not necessarily indicate poor performance of the power station or that of even the main equipment. The plant load factor of a unit depends upon many factors like continuous loading of units; the load demand pattern of the system, availability of hydro and thermal mix; type, quality and quantity of coal available; availability of auxiliary systems, such as CW system, coal handling system, ash handling system etc., expertise, skill and experience of operation staff; planned and routine maintenance of equipment, system etc. It would be appreciated that a high plant load factor means that all and each one of the above essential components is working at a high level of performance; while a low plant load factor could be caused by any one or a combination of the above factors operating below the desired level of performance. Thus, achievement of high *PL F* is certainly an indicator of good performance of the equipment, while a low PLF does not prove that the equipment is bad.

There are a number of stations with *BHEL* sets, which have consistently achieved a very high PLF. Vijaywada I & II have achieved the rated output for sustained periods, and have also shown a very high PLF. Nasik-III(210 mw) generated 140 million units in December, 1981, which means an average load of 190 mw throughout the month. Koradi-V has given a record PLF of 92 per cent at operating availability of 98 per cent in the month of September, 1981. These are not isolated cases at some individual stations, but are examples representative of many other stations also. This only goes to prove that the *BHEL* equipment is capable to giving rated output continuously, provided other contributory factors are also duly taken care of.

These are not examples of excellence of BHEL equipment which is the same everywhere but these are examples of excellence of our customers who could work this equipment so creditably. It should be our common endeavour to create similar favourable conditions for the high performance of equipment at other stations also in a sustained manner. I have no doubt that wherever such favourable conditions are created BHEL equipment would perform equally well, if not better.

After-sales service

To improve the after-sales service to customers *BHEL* has set up a number of regional after-sales service centres at Bombay, Calcutta, Secunderabad, Madras, Baroda, Chandigarh, Delhi etc. Considering that no repair shops have been established by the customers, *BHEL* proposes to take the lead to establish central workshops for the repair jobs and manufacture of spare parts. The major manufacturing plants of *BHEL* have also earmarked 10 per cent for the manufacture of spares. Even in respect of imported equipment which is not made by *BHEL* collaborators, *BHEL* has undertaken to import and supply spare parts to serve their customers. Printed catalogues of recommended spares have been sent to customers to facilitate advance planning of spares. I hope that these steps would lead to timely availability of spares and improved performance.

We all know that timely completion of a power station and its satisfactory operation thereafter requires the meshing of efforts of a large number of agencies, *viz.*, the equipment suppliers, the consultants, project executing authorities, the customers, the financing authorities and the Ministry of Energy etc. It is here that the country could achieve a great deal more if instead of apportioning the blame for failure on the other party, each party gets more concerned with finding quick solutions. In this context, some thoughts come to my mind which I would like to share with readers.

(1) Standardisation of layout and equipment specifications—Although this has been talked of for a long time, certain concrete steps are being taken only now. An early finalisation of this issue would lead to not only savings in expenditure on account of standardisation, but also help in expeditious supply of equipment and especially bought-out auxiliary items which have been the bottleneck areas in the past. This would also improve the availability of spare parts because of better interchangeability.

(2) For long-cycle products like steam turbine or generator, it is necessary that atleast three years' firm orders are available at any point of time with the manufacturing units. This, coupled with standardisation, would enable advance production planning and materials procurement activities, leading to shorter deliveries and more rhythmic production.

(3) Experience has shown that station engineering and systems area has generally lagged behind the engineering capability in the field of products. There are very few organisations in India, which undertake this work and unless concerted efforts are made to improve this area, the benefits of other improvements would not be fully available.

(4) Improved project managemen capabilities would also go a long way in timely commissioning of power plants Past case histories would show that in the initial period of construction, the

onitoring is not very vigorous leading avoidable delays at a later stage. It is nperative that the equipment received sites is promptly inspected and cor-ectly stored.

(5) With increase in unit ratings and phisticated instrumentation & control ne training of operating personnel ssumes still greater significance. While *HEL* is also taking steps to train ustomers' engineers, introduction of new raining techniques like simulators etc., vould help in this area. The trained perating and maintenance staff must e identified and placed in position atleast months before synchronisation of a unit. t is also necessary to prepare an nventory of all those who have the ecessary background and training to perate large thermal sets but are not eing utilised at present for this work. dequate steps must be taken to motivate hese trained staff to fill the much needed ap of trained men.

(6) A national policy in the field of maintenance of power plants as well as stocking of spares has to be evolved, to ensure timely availability of spares. I am told in West Germany the insurance companies link their premium payments to proper plant maintenance. We must evolve systems by which there is no escape to proper maintenance of equipment and arbitrary short-term decisions to bypass maintenance are avoided.

(7) Setting up a national grid is necessary for optimal utilisation of power plants in various regions of the country.

(8) The supply of coal to power plants has to be more carefully regulated to ensure that it is as near the design parameters as possible. Moreover, fluctuations in the coal parameters should be avoided. The suggestions of setting up large washeries near the pitheads to ensure supply of washed coal to power plants far away from pitheads, will improve the availability of good coal to power station. The rejects from the washeries can be used in fluidised bed combustion boilers near washeries, for generating additional power.

Before concluding two points should be mentioned. Firstly, we should accelerate the progress on fluidised bed combustion boiler to use low grade coal. *BHEL* has already successfully demonstrated to Coal India that its fluidised bed boilers can effectively use the middlings at pitheads for power generation.

Accelerating the installation of such pithead power stations based on fluidised bed principle could result in substantial utilisation of coal rejects.

Secondly, our experience shows that choice of a new size, and subsequent steps to plan, manufacture, erect, commission and then stabilise sets of a new rating takes a long time. Is it not time therefore to crystallise out thinking on the next size after 500 mw?

hindock
ENGINEERING CO. PVT. LTD.

SMALL SHIP-BUILDERS PLEAD
FOR A FAIR DEAL

- "SMALL IS BEAUTIFUL" — thus said Mahatma Gandhi, the Father of the Nation.
- WE ARE a small group of people whose "One Business, One Aim and One Desire" is to attend to all our ventures with steadfast integrity and perfection in workmanship that will please our valued customers to the utmost.
- "WHAT greater solace can there be than the feeling that one has lived... for a Principle?" said Netaji Subhas Chandra Bose.
- HINDOCK is for a Principle.
- THERE is no greater glory than to work for a "principle". We work for the "principle" which helps us in attaining results. This means that performance of craft, we design and build, must exceed all contractually guaranteed objectives.
- "NO IDEA has ever fulfilled itself in the world, excepting through an ordeal of suffering and sacrifice", so said Netaji. Our idea is to bring perfection and reach consummation. We are prepared to undergo the ordeal of suffering and sacrifice. We will never compromise with injustice and wrong in our journey to the "acme" "where tireless striving stretches its arms towards perfection", in the words of Rabindranath Tagore.

HINDOCK'S is that tireless striving

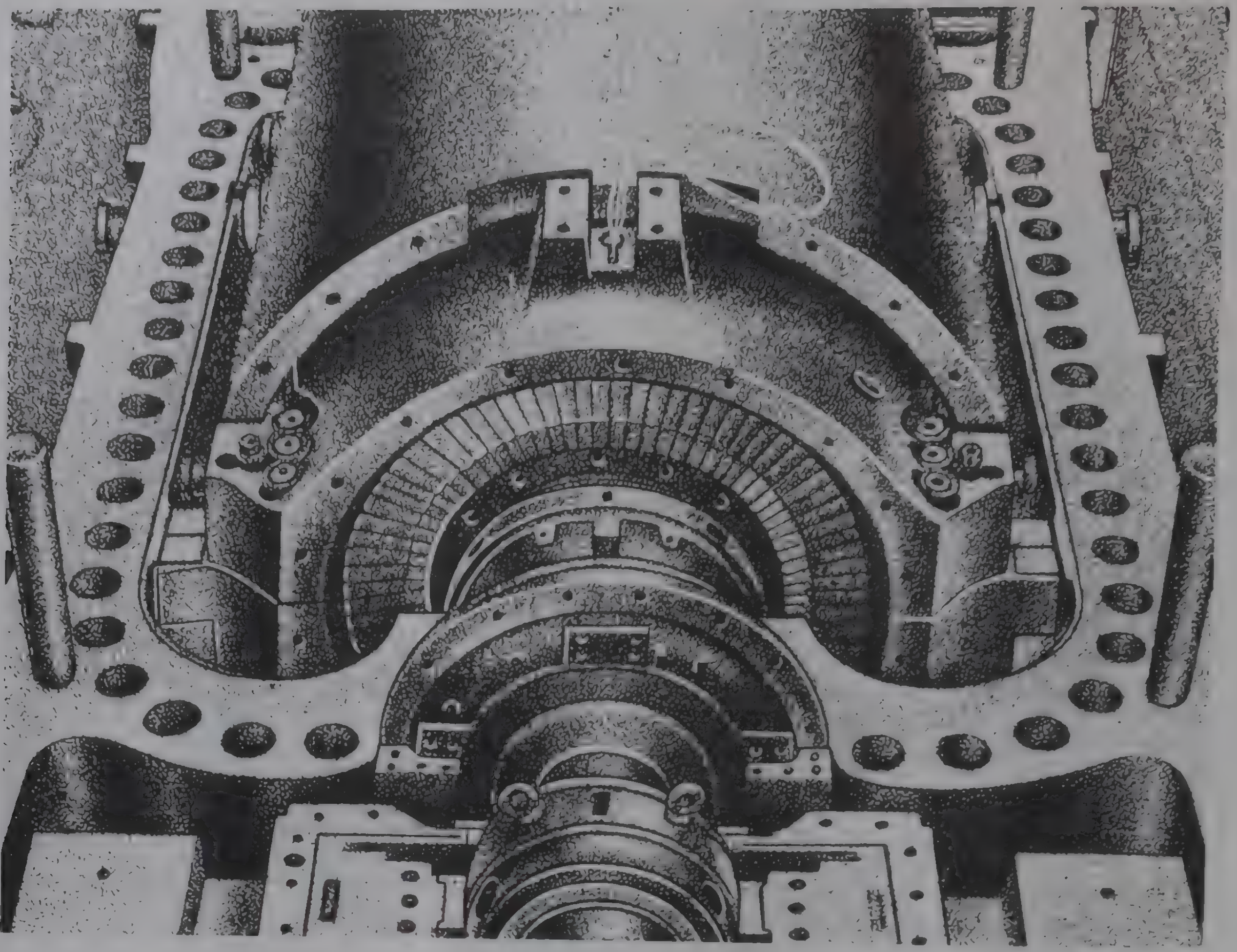
HINDOCK ENGINEERING COMPANY PRIVATE LIMITED
Ship Builders & Ship Repairers

Regd. Office:
3-A, Elgin Road,
Calcutta: 700 020.
Phone: 43-2848
Gram: PEAKWINNER, Calcutta

Shipyard & Workshop:
29, Foreshore Road,
P.O.: Botanic Garden,
Howrah-3,
Phone: 67-5497

Branch:
C-9 (FF), Amar Colony Market,
Lajpat Nagar,
New Delhi-110 024.
Phone: 69-4424, 61-6282
Gram: NANAKSAR, New Delhi.

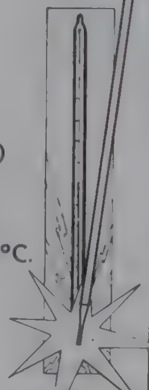
Welding Technology for the 80's



Everything you wanted to know about welding metallurgy ...and the 'futuristic' results possible today!

Welding Electrodes, Welding Metallurgy, Application Engineering...Here are a few selections to whet your appetite.

Hot tip for welding at sub-zero temperatures

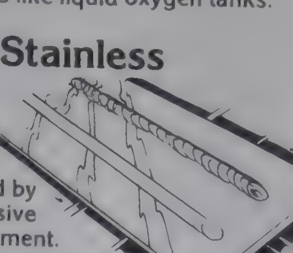


For matters cryogenic:
PH 36 H(Spl) and PH 56 S (unalloyed) low hydrogen electrodes for applications up to −50°C;
PH 75 (2.5% Ni type) up to −60°C and PH 87 (3.5% Ni type) up to −100°C.

These electrodes are highly suited to the fabrication of vessels/equipment in the chemical process industry.

Philips RS 304AB deposits an austenitic stainless steel weld with excellent impact properties at −196°C. It is used widely for applications like liquid oxygen tanks.

The smooth Stainless Steel Weld



Philips Stainless Steel Rutile-coated Electrodes — achieved by Philips through intensive research and development. Specially designed to weld smooth, almost ripple-and-spatter-free beads straight off!...To save you cost, time and labour in chipping and grinding.

Further: These unique Philips electrodes ensure deposits perfectly matched to the parent metal in chemistry and all properties. And they enable ease of operation and welding with low-heat input.

Basic-coated versions are also available to suit other critical applications.

The range of basic-coatings offers controlled percentage delta ferrite, guaranteed performance and perfect results.

Hard-facing problems? Philips electrodes make them easy to face

Case History: A major steel plant finds that vital cobalt-based electrodes are getting much too expensive...Philips provides a substitute at just **one-third** the cost with **double** the service life.

Surfacing 'tong pins' (for lifting hot steel billets) was a critical job. But the costly cobalt-based electrodes had to be replaced with a more economical substitute. The steel plant approached Philips with the problem...

After intensive development work, the Philips team produced a C-Cr-Ni-Co-Mo alloy that matched high-cobalt alloys in hardness characteristics at elevated temperatures. The result: PHILIPS 550. It cost two-thirds less and increased service life by as much as 1500 tonnes of ingot lifted!

For other hard-facing applications:

Philips Electrode	Hardness at R. Temperature in VHN
PH 250R	250 – 350
PH 250	250 – 300
PH 375	425 – 500
PH MN	250 – 550
PH MN(Spl)	250 – 550
PH 375 Ni	250 – 400
PH CSA	180 – 200
PH 600	550 – 650
PH 600B	550 – 650
PH 450	400 – 450
PH 410	300 – 350
PH 575	550 – 650

PHILIPS 550 is now part of the Philips standard range and in wide demand for surfacing components.

Ready today for tomorrow's welding challenges

You name the application and Philips can offer an electrode to match. Philips electrodes will continue to be the best answers to every future need. Rightly so, as Philips has access to the world's latest welding technology — be it consumables or equipment.

Philips engineers have done the 'impossible' in solving welding problems, again and again, setting an unmatched record in technical services. Through the last three and a half decades, Philips has made contributions of worldwide significance. And the quest goes on incessantly...

So when you think welding, think PHILIPS. Count on PHILIPS to make the impossible — possible for you.

Yes, rush me more information on Philips Electrodes

Name: ____________________

Designation: ____________________

Area of Application: ____________________

Company/Address: ____________________

____

PHILIPS

The trusted Indian household name for over fifty years

Peico Electronics & Electricals Limited
Welding Division, Block 'A', Shivsagar Estate
Worli, Bombay 400 018

PHILIPS

OBM/7724

Nuclear power: Role of Indian engineering industry

T. S. CHAMPAKNATH

THE modern atomic physics, though born in late nineteenth century, was not harnessed by man till very lately. It was in 1939 that, Hahn and Strassman, produced the first "fission" of uranium — that released more energy than was put into to produce the reaction — and the way to release nuclear energy, for the use of man, was a reality.

Of course, if one is allowed to take a larger wholistic viewpoint, one can say that all major power systems of today-whether thermal, hydro or nuclear-producing electricity, are dependent on nuclear energy. This is because, the chemical energy of the fossil fuels like coal, oil or natural gas and the potential energy of the water-head, is derived from Sun, whose heat is produced by the fusion of light hydrogen nuclei. The nuclear-Congress U.S.A., in "Advance of Nuclear Engineers" (1957) has postulated that eventually the nuclear fuels will be the primary source of energy for the power generation. Nevertheless, the first commercial electric-power plant using fission reactor began operating in Cumberland, England, in 1956.

In India, the nuclear era was ushered in by Dr. Homi Bhabha. The first atomic power station with two boiling water reactors, each of 210 mwe, was commissioned at Tarapur, in Maharashtra in 1969. The commissioning of the first nuclear power station at Tarapur paved the way for India's entry into the elite nuclear club. In the early sixties, the Department of Atomic Energy (DAE) had prepared the outlines of a programme for harnessing nuclear energy for power generation in the country, *albeit* incorporating pressurised water (PWR type) reactors in the first phase of the programme. This programme took note of the availability of indigenous fuel and existing capability of industrial infrastructures.

This was indeed remarkable from a Third World country, especially because even in the developed countries of the world, many had not yet ventured out into this field. The foresight of Indian engineers and scientists who had already prepared the blue print of the first phase of nuclear power programme, stands substantiated by the subsequent energy crisis of the seventies, when alternate sources of energy to oil assumed great importance.

Progress of power stations

Today, this programme encompasses five power stations in India, with a combined installation capacity of 2270 mw as shown in table 1, with their year/expected year of commissioning.

Table 1: Progress of nuclear power

Sl. No.	Name of Atomic Power Project	No. of Units	Total capacity	Year/Expected year of commencing
1.	Tarapur APP	2 x 210	420 mw	1969
2.	Rajasthan APP	2 x 220	440 mw	1972/1980
3.	Madras APP	2 x 235	470 mw	Unit-1 is ready in all respects but awaiting heavy water. Unit-2 '84.
4.	Narora APP	2 x 235	470 mw	1985-86
5.	Kakrapar APP	2 x 235	470 mw	1990-92

It is expected that when these power projects go on full stream, it will enhance India's ability to combat the power crisis with a full developed alternative energy source for the future.

Here, I would like to point out one misconception, possibly prevailing among some members of the public. It is often thought that nuclear power is something mysterious. As a matter of fact, it is not, and it must be remembered that except for the nuclear reactor, the components - valves, fittings, pipings, instruments, controls, structures, wiring and similar items - are "more or less standard" between a nuclear and a thermal power station. Of course, the nuclear power station calls for a very strict design code, stringent quality control and inspection standards and the highest safety requirements. Further, the experience of Central Electricity Generation Board (CEGB), England, had proved way back in the sixties that the "nuclear reactor is a very reliable heat source for commercial operation, giving excellent availability".

Escalating cost

The cost of nuclear power station is continuously escalating for several reasons. Reckoning by today's standards, an installation of a typical unit of 235 mw atomic power plant would cost Rs 350 crores to Rs 400 crores, whereas a typical thermal power station of 210 mw would cost hardly Rs 120 crores. But the operational cost of atomic plant is much less than that of a thermal power plant. The CEGB, while comparing nuclear and fossil fuel, had shown that the heat yield per unit weight of natural uranium can be 30,000 times greater than that of coal.

Considering the price ratio of 5000 : 1, taking fabricated natural UO_2 (uranium oxide) fuel and typical British coal, the CEGB had stated that "the nuclear fuel can be considerably cheaper than coal purely as a source of heat and it is this feature which enables the higher capital-cost nuclear stations to compete with coal or oil fired stations under certain conditions."

The Tarapur units, which started in 1969, were supplied by General Electric Co of USA on turn-key basis. Being a turn-key job, the contribution of the Indian industry was minimal. The Indian engineering industry, though by this time

---

Mr Champaknath is managing director, Industrial & Agricultural Engineering Co (Bombay) Ltd.

was quite developed to meet the requirements of manufacturing equipment for thermal power plants, sugar machineries etc., it had still to exploit and mobilise its resources to meet the precision and speciality demands of the equipment for nuclear power stations. But it did not lag behind, thanks to the self-reliance policy of the government. One of the reasons for adoption of pressurised heavy water reactors was to harness the resources and expertise of the existing Indian industry.

Thus, when the second unit of Rajasthan atomic power project (RAPP) went on stream, sometime in end 1980, the Indian engineering industry had made substantial contribution in the direction of indigenisation by manufacturing sophisticated equipment like the calandrias, boilers, end-shields, fuelling machines etc for the nuclear industry.

Dr. H.N.Sethna, Chairman of the Atomic Energy Commission, in his keynote address delivered at the seventh annual general meeting of the Association of Indian Engineering Industry (Northern Region) on April 28, 1981, said "the foreign exchange components for the first unit of Rajasthan station which was 45 per cent went down to 30 per cent in the case of second unit (for Madras and Narora units, the foreign exchange component has gone down to about 10 per cent).

For the first unit of Madras atomic power project (MAPP), the total import content is less than 10 per cent as against the 20 per cent originally contemplated, says the Chief Project Engineer in his recent interview with *India Today* (Jan. 31, 1982). Therefore, despite about seven years of delay, the 5000 strong technicians and workers are elated at the thought that the plant is almost totally Indian.

Indianisation process

Many Indian engineering firms have participated in this Indianisation process of our nuclear power plants - of course with considerable help from the DAE - especially from the Bhabha Atomic Research Centre (BARC) and Power Projects Engineering Division (PPED). Some of these companies along with their specific product contribution in different nuclear power plants are shown alongside (table 2). This tabulation is of course, indicative and by no means exhaustive.

As per the Atomic Energy Commission (chairman's keynote address) "We are expecting an increase in growth of installed capacity from about 30,000 mw now to about 110,000 mw by the year 2,000, in other words, an average addition of some 4,000 mw every year during the next 20 years. Of this increase some 40,000 mw would be by coal-fired stations, about 30,000 mw by hydro-stations and about 10,000 mw nuclear stations".

Table 2 : Indigenisation of nuclear equipment

Sl. No.	Indigenous items		Names of Indian manufacturers for		
		TAPP	RAPP	MAPP	NAPP
1.	Steam generators	Imported	Imported/L&T	L&T/BHEL	BHEL
2.	Calandria	"	"	L&T	WIL/R&C
3.	End shield	"	Imported/ BHEL	"	L&T/BHEL
4.	Dump tank	"	Imported/WIL	WIL	–
5.	Fuelling machine/Carriages/ Shielding and Sealing plugs	"	Imported	Cooper/Kirloskar/BARC	MTAR/BARC
6.	Deaerators	"	Imported	BHEL	BHEL
7.	Condensers	"	BHEL/IAEC	IAEC	IAEC
8.	H. P. heaters	Imported	Imported/ IAEC	BHEL	BHEL
9.	L. P. heaters	"	Imported / IAEC	BHEL	BHEL
10.	C. W. pumps	"	Imported/ Jyoti	Voltas/ Kirloskar	Voltas / Kirloskar
11.	Condensor extraction pumps	"	Imported	Imported	KSB
12.	Secondary extraction pumps	"	Imported	Imported	KSB
13.	Boiler feed pumps	"	Imported	Imported	Imported
14.	Turbo generator	"	Imported	BHEL	BHEL
15.	Control valves	"	—— Largely Imported ——		

BHEL — Bharat Heavy Electricals Ltd.
L&T — Larsen & Toubro Ltd.
R&C — Richardson & Cruddas Ltd.
WIL — Walchandnagar Industries Ltd.
IAEC — Industrial & Agricultural Engg. Co. (Bombay) Ltd.
KSB — KSB Pumps Ltd.
BARC — Bhabha Atomic Research Centre
Cooper — Cooper Industries Ltd.
MTAR — Machine Tools Aids & Reconditioning (P) Ltd.
Kirloskar — Kirloskar Brothers, Kirloskarwadi.

In its Sixth Five Year Plan (1980-85), the Planning Commision has provided Rs 10,000 million for the activities of the DAE. During this period work on six additional reactors, each of 235 mw capacity, is expected to commence. As per the plans of Atomic Energy Commission (AEC), in the next 20 years, 10 reactors of Narora type and 12 reactors of 500 mw will be constructed. They are also planning to build additional heavy water production units in the current plan period.

Ambitious targets

These highly ambitious targets of the AEC call for the massive collective efforts and a tremendous resource mobilisation - both on the part of the Department as well as the industry. For the Department, one area of significant restraint in the commissioning of nuclear power projects will be heavy water projects, which have hitherto proved major bottlenecks. The present heavy water projects at Nangal, Baroda, Tuticorin, Kota and Talcher are either operative or are operating much below eir rated capacity. If the planned targets e to be met, the Department will have ensure that this bottleneck is moved.

The engineering industry will have gear up itself to meet this massive hallenge. It is quite gratifying to note at it has made a small but significant eginning. As its first step, the Association f Indian Engineering Industry (AIEI), he apex body for engineering industry, epresenting companies both in private nd public sectors, has set up a specialised ell termed "The Nuclear Plant & Equipment Division"

a) To provide a national point of eference for items engaged in the manuacture, distribution and sale of nuclear lant machinery and equipment and elated ancillaries and components.

b) To promote indigenisation and nodernisation of the nuclear plant and quipment industry.

ncreased participation

I am quite sure-now, also with stand rdised NAPP type design, that the Indian ngineering industry, even in this hectic and time-pressed programme, will be able o deliver the goods if adequate assistance, encouragement and incentives are made available.

Quite a few engineering industries have come forward now to participate in the nuclear power programme. The efforts are continuously made to modernise the design, reduce cost and provide adequate safety measures.

A few areas of recent developments are :—

1. Tri-junction welding of NAPP and shield tube sheet and baffle plates - by Larsen & Toubro. This is an achievement for the industry and *PPED*.

2. Mushroom type steam generators for NAPP - by *BHEL*.

3. Fuelling machine and carriages - a complex machine which consists of nearly 10,000 components and remotely operated - by *BARC* and Cooper Engineering/*MTAR*| Kirloskar Brothers.

4. PHT Pumps - by KSB Pumps These pumps were hitherto imported.

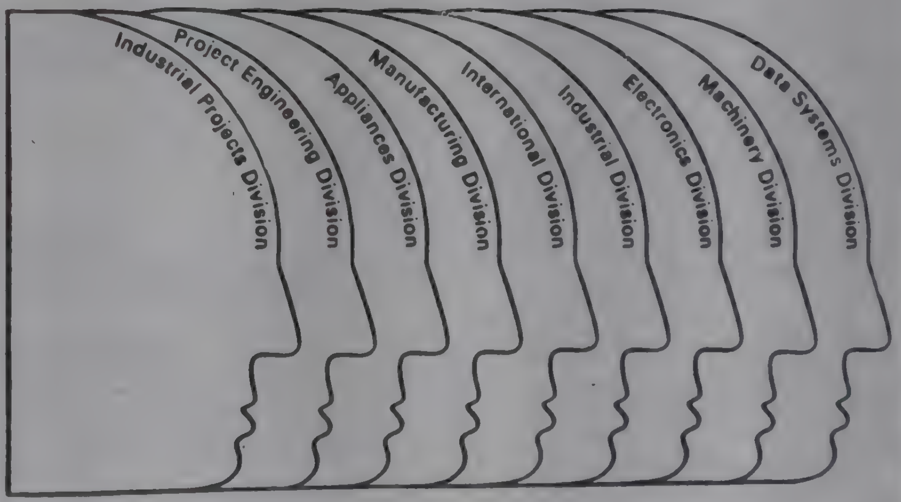
5. Intricate and fittings of SS-410 forgings - by Bharat Forge & W. G. Forge.

6. Inverters - by Keltron etc., etc.

One aspect which warrants simultaneous developments is in the field of infrastructure development and transport engineering. A single largest piece in a 235 mw nuclear power plant weighs about 185 tonnes, and that in a 500 mw, 265 tonnes. Facilities for transporting over dimensioned components are certainly inadequate - especially in the wake of massive programme the Department has embarked upon. (Though road trailers with a haulage capacity of 400 tonnes also do exist, their movement is limited to short distances and restrained to few routes). It is, therefore, recommended that Indian manufacturers should develop road trailers with haulage capacity of 300 tonnes, taking note of axle load restrictions of our highways and bridges. For good manouevrability designs with individually steerable axles would also be required. Size of component would form the most serious restraint in transportation of components by rail, even though availability of wagons and manufacturing capability for wagons of higher capacity may exist with Indian Railways, *CIMMCo, Texmaco*, Martin-Burn, Jessop etc. Industry would have to think on the lines of developing skills and machines for more sophisticated work at sites to

Need for infrastructure

If we want to meet the challenge successfully, we must develop adequate infrastructure and continuously update methods of existing industrial practices. Planning, procurement, production, quality control and all areas of general management including fuel management, waste-fuel management and the management information systems, will have to be vitalised. Whole hearted involvement of the industry would be an essential input for the success of the nuclear power programme. Only a well coordinated effort by the Department and the industry right from the planning stage to implementation can enable us to achieve our objectives of the nuclear programme. But this is not enough, we must start thinking for the 21st century. The next phase of nuclear programme involving the large sized fast reactors would bring in new challenges and need to develop further skills.



No matter which of our profiles you may be exposed to, they all add up to this:

©

BLUE STAR

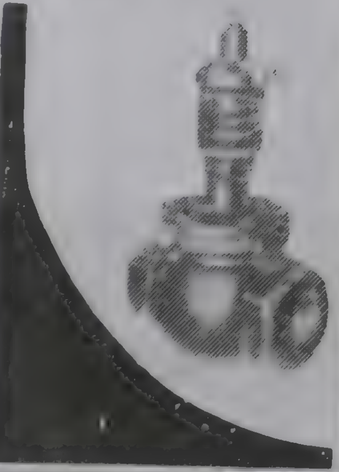
the high-technology company

• BOMBAY • NEW DELHI • CALCUTTA • MADRAS • PUNE • INDORE • AHMEDABAD • VADODARA • KANPUR• CHANDIGARH
• JAIPUR • JAMSHEDPUR • GAUHATI • BANGALORE • COCHIN • TRIVANDRUM • SECUNDERABAD • VISAKHAPATNAM • VIJAYAWADA

Want flow in cubic centimeters?..or in tonnes?
Want valves in Mini Size?..or in Giant Size?
Here we are! ......

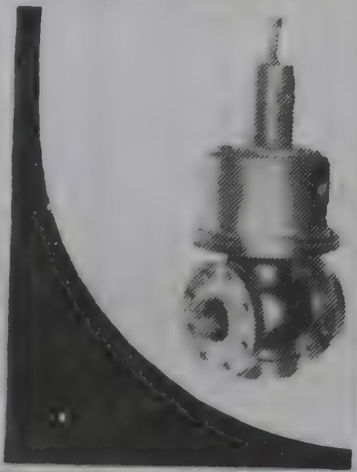
VKE DENISON SOLENOID VALVE

Pilot operated servo piston Valve suitable for use on high pressure Water, Air, Light oil and Steam upto 150 lbs.
Size: 6 mm to 300 mm.
Also available
1) Direct Acting
2) 3 Way and
3) 4 Way.



VKE PRESSURE REDUCING AND REGULATING VALVE

Suitable to control a pressure in Water, Steam, Air or Gas Pipeline.
Size: 3 mm to 200 mm.



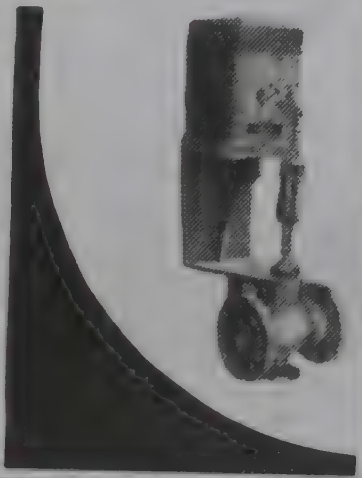
GRAMVIK PNEUMATIC OPERATED DIAPHR-AGM CONTROL VALVE

Most complete line of control valve with 10 years of engineering know-how in valve design and application.
Type: Single seated, Double seated, 3 way.
Size.: Upto 300 mm.

HEAVY TORQUE ACTUATOR MOTORISED VALVE

These electric actuators are mainly intended to be used on Gate, Globe, Ball and Butterfly Valves.
Type: A) VKEKM
B) VK770
C) VKE780

VK770 and VKE780 Actuators are fitted with torque limit switch and position limit switch.



VKE CYLINDER OPERATED VALVES

Actuated by Pneumatic or Hydraulic pressure. Suitable for heavy duty and fast response application. can be used with Globe, Gate, Butterfly, Ball or Saunders pattern valves.

VKE MANUAL OPERATED VALVE

Cast iron body valve.
Type: Gate, Globe, Ball and Saunders pattern valve.

VKE VALVE PRODUCT FAMILY FOR POWER, PETROLEUM, FERTILIZER, TEXTILE AND ALLIED INDUSTRIES.

Kawale

A.AVINASH VKE INDUSTRIES

PHONE: 692287/684609
S/10, RAM MANDIR ROAD,
GOREGAON (WEST),
BOMBAY-400 062.

uel conservation: Vaste heat recovery system

T. R. SARKARI

THE anxiety created by the fuel-energy crisis, obviously leads the in- stries and all the users in general, to quire how long the existing reserves of el energy will last. If nature keeps on fting us with new oil wells and new coal ines, year to year, then why worry at all energy shortages? Nature cannot be at unkind, to continue to create life d not provide means to sustain it. hen where have we slipped? Whereas, ature expected us to use fuel-energy or near the same rate it keeps on gifting, e, in our sheer thoughtlessness, kept consuming wastefully and indiscreetly e precious fuels at a rate almost 3½ mes as fast, year to year. We all, the dustries, and all users, therefore, are be blamed ourselves, for creating this el-crisis.

In the opinion of the author, the umber of years hence, the fuel-energy going to last us, is given by the following xpression, derived by the author, taking e actual fuel reserve figures, published y our statisticians, and taking into con- ideration the rate at which fresh fuel esources are being discovered, year-to- ear.

$$\text{No. of years, hence } (N) = \frac{310}{(1 + k)^{y-1978}}$$

Vhere Y = the year AD

k = the factor of per capita increase in consumption of fuel energy in that year, when compared to fuel consumption of the previous year. For example say this year our fuel-energy demand is 70 million tons, and previous year was 67 million tons, then the percentage increase in our usage is 4.4% ∴ k = 0.044. If our demand this year could have been curtailed to same as previous year, i.e. 67 million tons, then k = O and so on.

If every year, our factor of increase is going to be say 4.4 per cent, then with k = .044, and y = the year in which formula is used.

In year 1990 we find N = 185 years more after 1990 = 2175 AD (fuel will last upto)

In year 1990 we find N = 1985 years after 1990=2175 AD (fuel will last upto)

In year 2040 we find N = 21 years more after 2040 = 2061 AD (fuel will last upto)

In year 2062 we find N = 8 years more after 2062 = 2070 AD (fuel will last upto).

In year 2071 we find N = 5 years more after 2071 = 2076 AD (fuel will last upto).

So by year 2080 we may almost come to the end of our fuel stock, if we persist with our rate of increase of fuel consumption of such abnormal figure of about 4 per cent.

On other hand, from this year onwards, if we pledge ourselves to use fuel energy with utmost economy, so as to maintain our year to year demand, at the same level as at previous year, then k = O, and in that case no matter in which year we apply this expression, N = 310 years more (always) after 'y', *i.e.* our fuel will last indefinitely.

Hence, the only logical solution that appeals to us to enable life to survive is to see that our fuel stock last indefinitely and to achieve that aim, we need to use fuel energy, with utmost economy and maintain our total yearly demand at the same level year to year, in spite of our continuous efforts to progress ahead with all problems of population explosion.

It is gratifying to note that energy consciousness has aroused most of the fuel consuming industries and fuel users to use fuel heat with as less wastage as possible. We have been hearing the claims of effecting savings in fuel, anywhere from 10 per cent to 25 per cent by those who adopt the waste heat utilisation systems in related spheres. If these claims are acceptable, our fuel users seem to be really contributing towards our achievement of k = o. The object of this paper is to bring to notice of fuel users, what systems of heat recovery from waste heat in industries and elsewhere, are practicable, so that united efforts of all of us in this direction, will contribute a great deal in overcoming the fuel crisis.

Source of wastage in heat and fuel energy:

We may list down the sources, very broadly as follows :-

(i) Avoidable wastage in light, fan and power energy in residential buildings, offices etc.

(ii) Avoidable wastage of fuel energy in domestic and canteen kitchens.

(iii) Hot air from air conditioner, refrigerating units.

(iv) Hot gases exhausted from boilers, furnaces, refineries reaction vessels, I.C. engines, incinerators etc.

(v) Hot petroleum and organic vapours, from processing units in textile, pharmaceutical and chemical industries.

(vi) Hot waste water, hot waste liquids from various industries.

(vii) Hot condensate from various equipment using live steam in all industries using steam boilers.

(viii) Radiant heat emitted by sun, heated walls, and any heated surface exposed to atmosphere.

(ix) Operation of heat generation, heat transfer, and energy equipment, below the achievable efficiency in industry, such as boilers, furnaces, electric generators, motors, engines, turbines etc.

(x) Use of low efficiency combustion equipment for energy conversion.

(xi) Improper handling of available fuels in combustion equipment, due to lack of understanding the basic structure and properties of fuels.

Recovery process from waste heat

The wasted heat sources, as enumerated above, will be found in ample number, as you move around the industries, offices, residential places, etc. These heat wastages need to be classified as unavoidable wastage, and avoidable wastage from both the technical angle and economic angle. Each individual heat recovery probability has to be studied. The following are some of the suggestions on heat recovery processes :-

(a) Before resorting to any heat recovery project, it is necessary to estimate the techno-economic gains, so

---

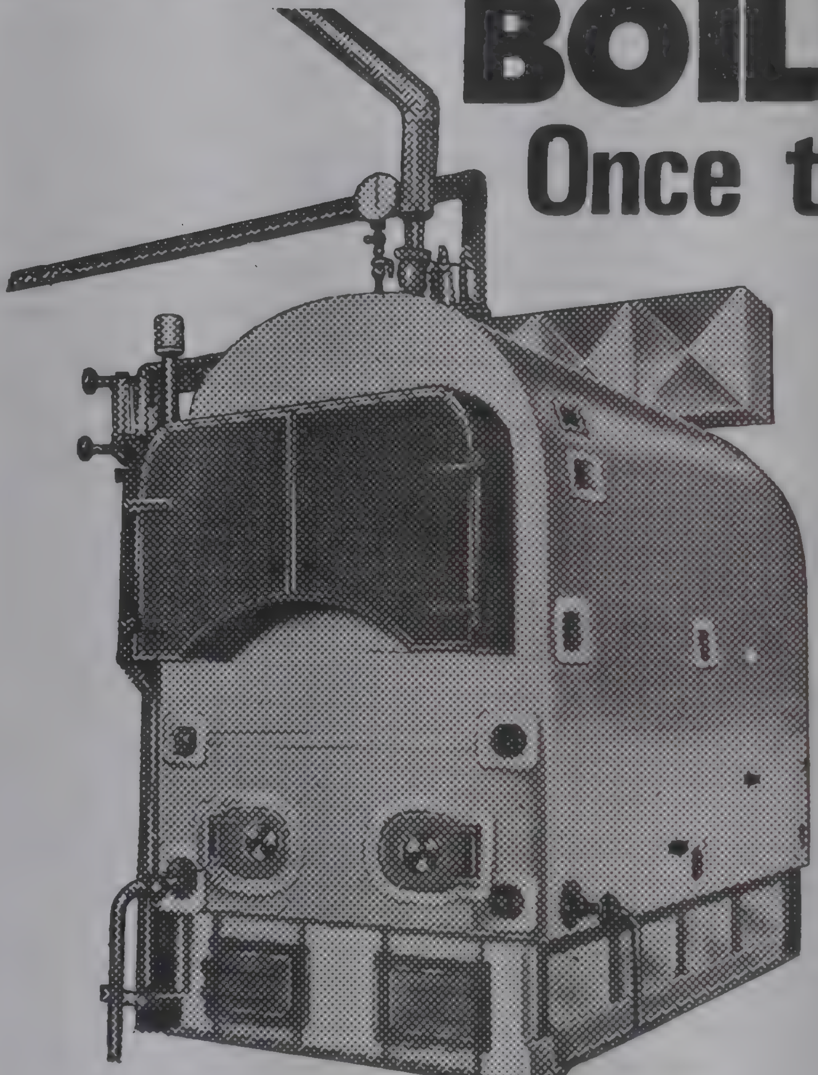
Prof Sarkari is Technical Director of Thermax Pvt. Ltd.

ignore

CALOREX

BOILERS

Once they are installed



They have:

- Minimal down time
- Superb Fuel Flexibility
- Excellent Response to Fluctuating Load
- Master Craftsmanship and Simplicity
- Maximum Thermal Efficiency

PRODUCT RANGE

3-Pass Water Tube Boilers : Upto 7200 kg/hr.
3-Pass Super Economic Fire Tube Boilers : 600 to 2500 kg/hr.
2-Pass Economic Boilers : 350 to 500 kg/hr.
Loco Boilers : 250 to 3000 kg/hr.
Waste Heat and Marine Boilers : To Customer's Specifications

Working Pressure : Upto 21 kg/cm^2 (300 PSI)

Calorex India Pvt. Limited

13, Camac Street (2nd Floor) Phone : 43-4112, 43-3751 & 43-3351
Calcutta-700 017, Gram : PROCESHEAT

Technology that ensures performance

SELLING AGENTS FOR INDIA & NEPAL :

JAINEX LIMITED
16 Netaji Subhas Road, Calcutta-700 001
PHONE : 22-0331, 22-9197, TELEX : 021-7024, GRAM : JAINEXCAL
Offices : Bombay, Delhi, Madras, Bangalore, Secunderabad, Indore, Jaipur

Media 3

t the worthwhileness of expenditure efforts, after such projects, is justified. the appendix attached herewith, the thor has presented simple thumb rules, hich may help to get useful data on at energy technology, including the ssible gains on waste heat utilisation.

(b) One of the largest sources of waste eat is through the inefficient operation of eat generation units, and also through e use of low efficiency heat generating quipment. No doubt, the wasted heat om such inefficiently working units, ould be recovered to an extent, by one f the methods, discussed before. owever, operating the unit inefficiently nd then attempting to recover its waste eat for useful purpose, is a worst ractice. The heat recovery system from aste heat is bound to be thermodynamic- lly much less efficient, due to system eing at lower temperature range. It is ise, therefore, always to strive for the est efficiency when the gases are in he range of highest possible temp.

(c) Total energy concepts can be ade applicable to some industries, which se fairly large amount of steam. Such ndustry can generate its own power using oiler turbo-generator using back pressure (about 5 to 7 kg/cm^2) *i.e.* exhaust steam at about 150-180°C and using the entire exhaust steam for their process use. In this way the industry meets both, its electrical power and steam demands, from the same source.

(d) Steam fed from boiler to process or power equipment, is exhausted to atmosphere, where it loses its latent and sensible heat. Most of this heat of condensate can be recovered, by mixing the condensate with feed water, thereby raising the temperature of feed water.

(e) Hot exhaust flue gases from steam boiler can be utilised to generate additional steam, using waste heat boiler, or utilised to heat up feed water going to boiler. A substantial increase in the efficiency of boiler can be achieved, with corresponding savings in fuel, with hotter feed water supplied to boiler.

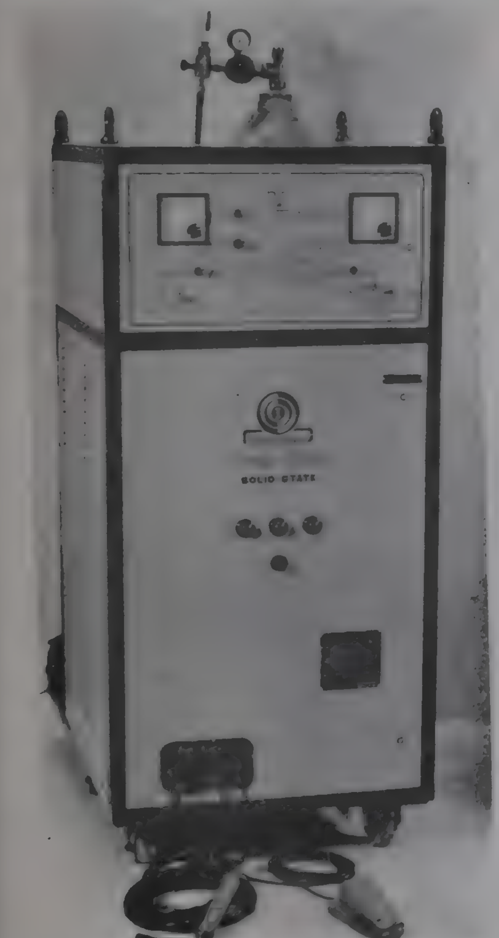
(f) Petroleum vapour is difficult to condense, from a mixture of air and vapour, due to low partial pressure of vapour. Vapour can be separated by absorption of petroleum vapour when passed through activated bed of charcoal. Tons of kerosene, lost to atmosphere, from polymeriser unit in textile mills, can be recovered, and recycled, using this absorption method. So is the case with recovering of rich organic vapours, from air vapour mixture.

(g) Waste hot gases, like CO_2 and H_2O, having very high temperature of 1000°C and above, as in case of glass furnaces, the heat transfer should be effected by radiation to water wall till temperature drops to about 700-800°C. The further drop can then be achieved by convection, using the conventional heat exchanger. At high temp. these gases have high radiation capacity. Waste heat boilers to recover heat from very hot gases from glass furnace, sulphuric acid plant, lime kiln, refinery, reaction vessels and chemical and fertiliser units, are currently marketed in the country.

(h) Captive power plants, using diesel generating sets are frequently used by industries. These sets have poor thermal efficiency losing about 25 per cent heat of fuel in jacket water and 40 per cent in exhaust gases. A very substantial amount of heat can be recovered in form of steam and hot water, or all hot water.

(i) Heat recovery from solar radiation can be effected by simple flat plate absorber type heat exchanger. Such solar heat

Solid state pulsed TIG welder



Solid state pulsed TIG welding outfit (Model TPS-200), manufactured Advani- Oerlikon, Bombay

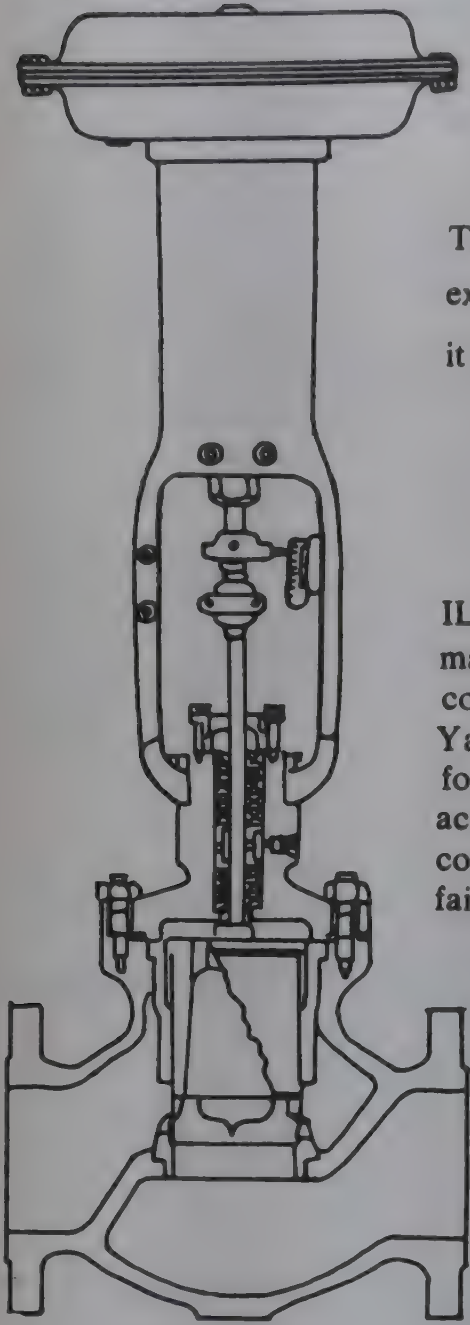
Advani-Oerlikon Research Centre in Pune has announced the development of a solid state pulsed TIG welding outfit, model TPS-200, with a fully transistorised current controller. The first of its kind ever designed and developed in India, this equipment will be extensively used in the manufacture of boilers, pressure vessels, delicate surgical instruments, and household appliances and in several critical industries like nuclear and aerospace.

Salient features:

(a) Excellent waveform achieved through completely solid state transistorised circuitry.
(b) Welding output immune to input supply voltage fluctuations.
(c) Arc initiation by most modern H.F. system.
(d) Facility for independent programming of welding parameters.
(e) Ensures uniform penetration.

A significant feature of this process is the apparent tolerance to external variables such as joint geometry, clamping fit-up, dissimilar thicknesses or other factors causing variation in thermal heat sink. This tolerance arises because the weld pool is allowed to solidify during background time, and due to this the effect of heat build-up is largely overcome.

Other features include current range: 10—200 amps DC with sophisticated current controls, preflow/postflow timers for accurate controls, fast response time for better quality welds, etc.



The Control valve that does exactly what you command it to do.

IL Valves are designed and manufactured in technical collaboration with Yamatake Honeywell Japan for high positioning accuracy, repeatability controlled high speed and faithful and fast response.

For details please write to:

Instrumentation Limited

Kanjikode West, Palghat 678 623, Kerala. S. India.
Phone: 5047, 5194 ☐ Gram: PALINST, ☐ Telex: 0852-205

Registered office: KOTA 324 005. Rajasthan
Branch offices: Delhi, Bombay, Calcutta, Madras

STEAM
WATER
AIR

That's what I.A.E.C.® technology is all about!

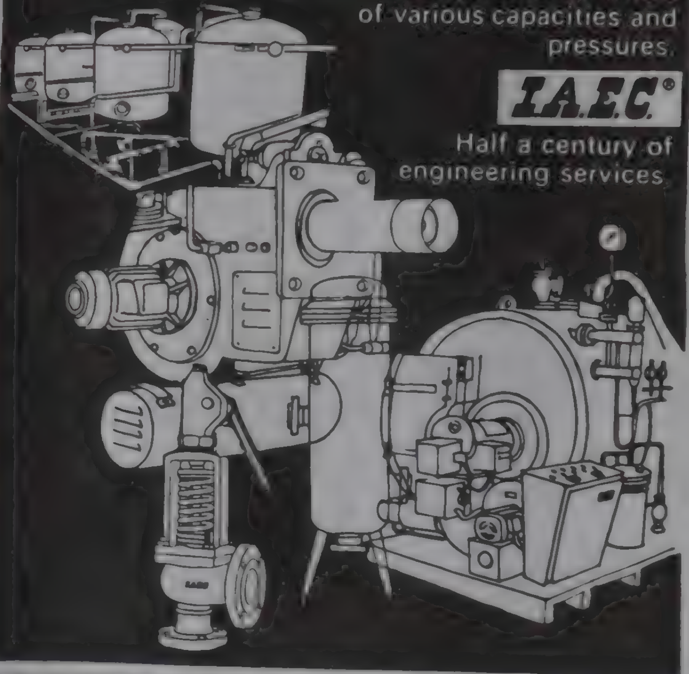
A good place to work in, say those who have been with us. A good company to deal with, say our customers. We offer you expertise developed through fifty years in innovating, designing and fabricating capital equipment in the field of steam, water and air technology.

STEAM
Boilers and oil or gas firing equipment and safety valves.

WATER
Water Treatment Plants for treating water for industrial uses, effluents and for recycling and power station ancilliaries.

AIR
Compressed air filters of various capacities and pressures.

I.A.E.C.®
Half a century of engineering services



I.A.E.C.® **Industrial & Agricultural Engineering Company Bombay Limited**
196, L.B. Shastri Marg, Bhandup, Bombay-400 078.
Head Office: 43, V.B. Gandhi Marg, Bombay-400 023.
Branch: 'K' Block, Chawdhary Bldg.,
Connaught Circus, New Delhi 110 001.
Representatives at: Bangalore • Calcutta
• Hyderabad • Madras
Dattaram-IA494

changer may or may not need addit- nal energy to operate and can be effect- ely used to provide hot water upto 65°C industry. If such hot water, be fed to oiler, a substantial saving in boiler fuel an be effected.

(j) In residential buildings, office itchen and canteens,there existsenough cope to save fuel and heat energy. Some orm of incentives to concerned persons may help to effect economy in electrical energy consumption. The *sigri,* hot plates gas and electrical) etc should be carefully selected in respect of their diameters, so as to entail the least heat loss to sides and maximum heat transfer to the vessels. Solar flat plate collectors be used for hot water needs, with storage tanks, well insulated to keep water adequately hot during night and cloudy days. Use of thermo-syphon water circuit from solar collector to storage tank, will eliminate the need of any pumping unit, for water ciculation.

(k) Where gobar is available, it can be mixed with hycine, dry leaves, waste dry garbage and rubbish organic materials, in a pit and methane gas mixed with $CO_2 + N_2$ generated and stored up. The gas can be used for lighting and heating, using gas stove.

(l) Waste organic substances like wood chips, saw dust, wood logs, ground nut shells, rice husk, wheat husk, coffee husk,dry garbage, etc etc can be effectively used as fuels in boilers, which are specifically designed to suit the properties of these non-conventional fuels. Thermax Pvt. Ltd. Poona has been marketing smaller capacity boilers, working on these fuels. Obviously these boilers are used only where these waste organic fuels are amply available.

(m) In process industry, selection of right type of heating equipment may also contribute to avoid wastage of heat. For example the industries engaged in drying process, may either use steam boilers or thermic fluid boilers for supplying heat for drying, at a given temperature.

Waste heat boilers

Besides steam boilers, industrial furnaces, etc. a number of industrial process plants emit very hot gases to atmosphere. These gases may be all inert gases consisting of CO_2, SO_2, O_2, N_2 etc. or may be mixture of combustible and inert gases such as CO, CO_2, N_2, O_2 etc. The following are a few examples.

(a) Sulphuric acid plant emits dry gases consisting of SO_2, CO_2, O_2, N_2 etc at temperature of 950 to 1110°C to atmosphere.

(b) Catalytic cracking process in refinery for generation of lighter fractions, gives out through exhaust hot gases at 550°C, consisting of CO, CO_2, O_2, N_2, H_2O.

(c) Lime process in lime kiln, burning coal, emits hot gases at about 700°C, consisting of CO_2, O_2, H_2O, N_2 and lot of fly ash and soot.

(d) Glass furnace, burning fuel oil and emitting exhaust gases CO_2, H_2O, O_2, N_2 at unduly high temperature of about 1300-1400°C.

Waste heat boilers are designed specially to cater for each type of emitted gases, taking into consideration the available temperature potential.

In the end the author would suggest that in every industry, the management must establish an 'energy audit' cell, which will scrupulously search out any avoidable waste of heat, anywhere in the organisation, will recommend the heat saving measures, and will follow up the implementation of such measures, strictly.

TAK Machinery Ltd

for

The Best in Hoisting Equipment

Manufacturers of

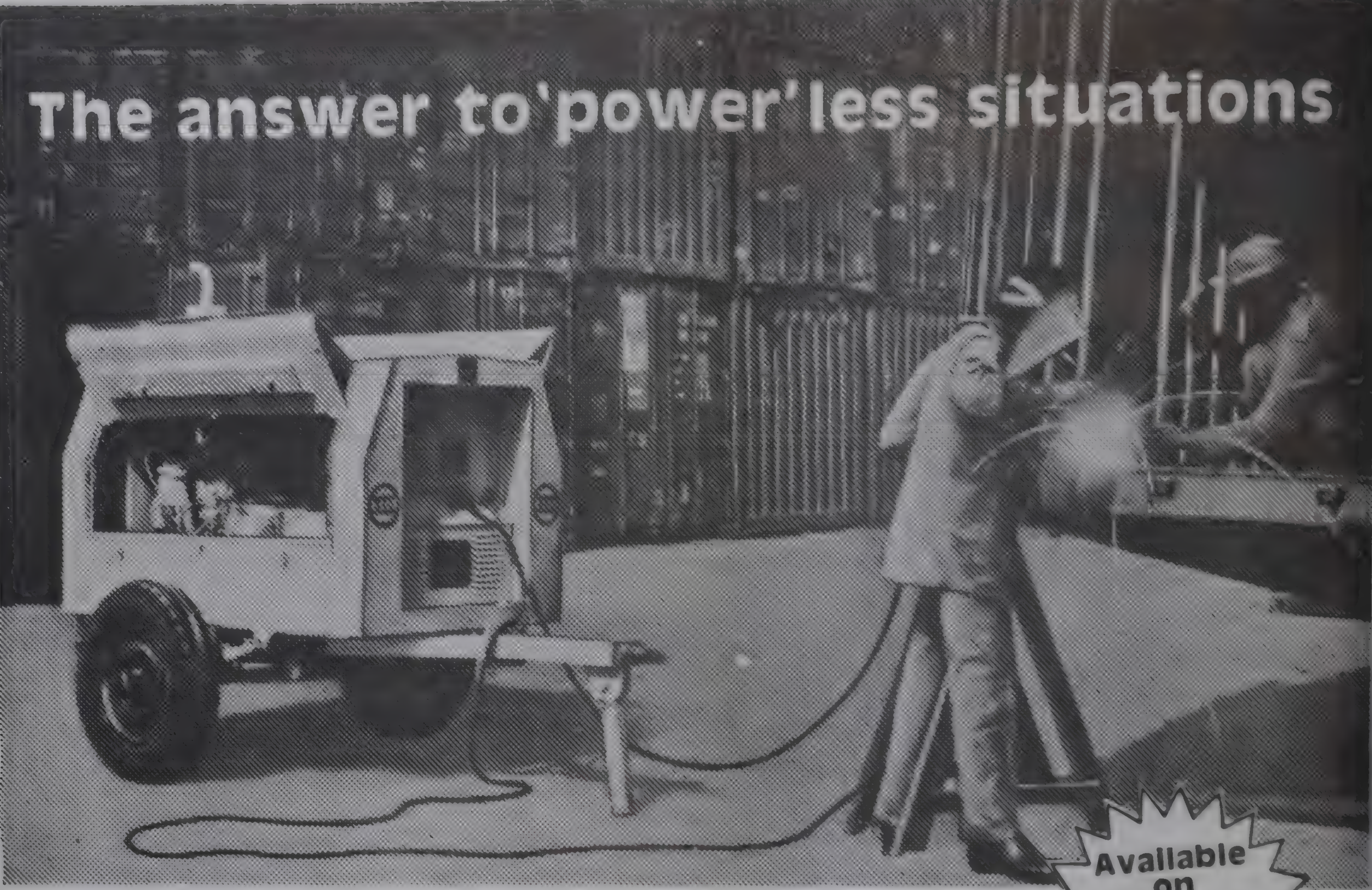
1. Electric Overhead Travelling Cranes
2. Electric Hoists (Wire Rope & Chain Type)
3. Chain Pulley Blocks
4. Air Hoists
5. Compressed Airline Equipment (Filters, Lubricators, Pressure Regulators, Drain Valves)

All products are manufactured with technical knowhow from well known Companies in Europe.

Head Office:
Janmabhoomi Bhavan, Ghoga Street,
Fort, Bombay 400 001.
Phones: 294740/294599 Grams: TAKLIFT

Works:
Plot Nos. 14 & 16 GIDC Estate,
(Pharmaceutical Zone), Vatwa-382 445, Ahmedabad.
Phones: 876125/876112 Grams: TAKLIFT

TAK



Available on D.G.S. & D. rate contract.

Advanvi-Oerlikon diesel engine driven DC arc welders

That's what our discerning clients say. Like Bridge & Roof, Dodsal, Simon Carves, Vijay Tanks & Vessels, Shapoorji Pallonji, the Indian Railways and others. From a variety of industries. Advani-Oerlikon engine driven DC arc welders are recognised as powerful sources of welding power where electric power is not available or is in short supply.

No wonder then that our DC arc welders are spread out—in remote fabrication sites, quarries, mines, oil-fields and pipeline erection sites in India and overseas.

In the 15 years since Advani-Oerlikon manufactured their first DC arc welder there have been several improvements and innovations. All with one end in view. To produce matchless quality welds. Under any conditions.

Now these sets can also be equipped with an auxiliary power supply for lighting and hand tool operation—a boon in out-of-the-way locations.

DC Arc Welder—A powerhouse on wheels.

ADVANI-OERLIKON

ador

ADVANI-OERLIKON LIMITED

Bangalore • Baroda • Bhubaneswar • Bombay • Calcutta • Cochin
Delhi • Hyderabad • Madras • Pune • Raipur • Visakhapatnam

For enquiries quote key No AO 427 and write to P. B. 1546, Bombay 400023.

Heros AO-427

Pump industry in eighties

S. M. KHANDEKAR

wo 500 mw thermal power plants to be t up at Singrauli.

hree 500 mw thermal power plants to e set up at Korba.

en large giant size fertilizer complexes o come up.

Vater supply schemes to satisfy thirsty nillions for metropolitan towns. .

ombay High increasing its output.

efineries to be set up for refining of rude.

chemes for handling sewage and lrainage.

)ur ever emphasis on agriculture and rrigation, calling for more contribution o green revolution.

IT will be noticed that there is a common factor in all these news tems. For all these projects to handle he different kinds of liquids, let it be imple water or the crude or the conden-ate extracts, a common equipment is ised. The quipment is the pump. Can he Indian pump industry meet the chal-enges and requirement of all these user ndustries?

In order to get an answer to this ques-ion, let us quickly go through the histo-ical development of the Indian pump ndustry. A modest beginning was made n 1920, when pump manufacturing units were set up at three centres. They were at—Kirloskarwadi in Maharashtra, Calcutta in West Bengal and Coimbatore in Tamil Nadu. Today, in the year 1982, from three manufacturers there are over 450 manufacturers who are manufacturing variety of pumps in India. There are 53 pump manufacturers who are registered with DGTD and can be considered to represent the organised sector. The remaining represent the unorganised sector.

The real fillip to the pump manufacturing activity in India was given after independence. Till that time the major requirement of pumps was met through imports. Even the simplest of hand pumps were imported. After independence, India's stress on agriculture and irrigation continued. Mr Nehru dreamt of an industrialised India, and the setting up of such process industries as fertilisers, petrochemicals and chemicals. This gave the pump manufacturing activity necessary acceleration. During the seventies the Indian pump industry registered an impressive growth rate of 35 per cent per annum on a straightline basis. By any standard it can be considered as an impressive achievement. Today, the Indian pump industry is supposed to be virtually self sufficient.

Table I shows the past production statistics for the last few years from the organised sector. It would be noticed that the total production today is around seven lakh pumps in number, valued at about Rs 50 crores. In spite of self-sufficiency, imports do take place for pumps. Today, the pump imports amount to the order of Rs 6 crores in the country. Table II gives the statistics for the last few years for the import of pumps. On the export front, too, the pump industry has registered an impressive growth. From the meagre exports of a few hundred numbers in the early sixties, today pumps worth about Rs 4 crores are exported annually as shown in Table III. It is interesting to note that about 15 manufacturers among the 450 manufacturers account for 74 per cent of the total production. Table IV gives the different types of pumps which are manufactured in the country and their maximum capacities in which they can be offered. Table V gives the various materials of construction which are available in India today.

Special achievements

What have been the special achievements of the Indian pump industry in the past? To list out a few:

Table I : Production of pumps

1975-76	274,450 nos.	
1976-77	305,527 nos.	
1977-78	355,277 nos.	Rs 4,458.60 lakhs
1978-79	363,340 nos.	Rs 4,500.00 lakhs
1979-80	400.000 nos.	Rs 5,000.00 lakhs

Table II : Import of Pumps

1973-74	Rs 158 lakhs
1974-75	Rs 366 lakhs
1975-76	Rs 350 lakhs
1976-77	Rs 609 lakhs

Table III : Export of Pumps

1974-75	Rs 252 lakhs
1975-76	Rs 640 lakhs
1976-77	Rs 402 lakhs

(1) Assignments having high degree of technical competence.

(2) Assignments obtained against global competition.

(3) Award for import substitution

(4) Export of technical know-how on pumps, pumping technology and joint ventures abroad, and, obviously

(5) Export of products to various countries.

Given below is the list of a few of the special achievements:

(1) An import substitution award was given in 1975 for design and manufacture of mercury pumps at 100°C molten napthalene ocene and crushed bones for hydrochloric acids, slurry, molten sulphur etc by the Government of India.

(2) Supply of large cooling water pumps. vertical spindle, for plants from 30 mw to 236 mw. Also starting oil pumps of special design for 100, 120 and 200 mw turbine in power plants.

(3) Supply of special type mine drainage pumps for coal mines for heads upto 800 metres.

(4) Supply of multistage and vertical pumps for various types of processes for the fertiliser industry, some of the special features of these pumps are:

(i) Pumps with integrally cast heating jackets, special low carbon (0.06 per cent) stainless steel for handling Urea and with mechanical seals and auxiliary gland packing.

(ii) Pumps for handling methanol at 70°C to 80°C,

(5) Supply of vertical mixed flow pumps for atomic power project and shipyards in high Ni C.I. construction.

(6) Supply of booster pumps in horizontal split case design in size 200 x 250mm for boiler feed pumps to handle water at 180°C with special design suitable for taking thermal shock because of sudden temperature variations.

(7) Transfer of technical know-how to a joint venture project in Malaysia. Another joint venture is being set up in Mauritius to manufacture Centrifugal pumps.

In order to get the answer whether the pump industry can meet the challenges of the eighties, we will have to analyse the problems which were faced

---

Mr Khandekar is president of Indian Pump Manufacturers Association

BALLESTRA (India) LIMITED

offers Process, Plant and Equipment

on turnkey basis based on the following technologies:

BALLESTRA S.P.A. Milano, Italy
— for synthetic detergents and various petro-chemical products.

COSTRUZIONI MECCANICHE BERNARDINI S.P.A. (CMB) Pomezia (Rome), Italy
— for oils and fats.

BINACCHI & COMPANY, Varese, Italy
— for toilet and laundry soaps.

Projects executed

1. Karnataka Soaps & Detergents Ltd., Bangalore — Synthetic Detergent Plant
2. Ultramarine & Pigments Ltd., Ranipet — Synthetic Detergent Plant
3. Stepan Chemicals Ltd., Rajpura (Phase I) — Synthetic Detergent Plant
4. Swadeshi Detergents Ltd., Ghaziabad — Synthetic Detergent Plant
5. Kerala State Detergents & Chemicals Ltd., Kerala (Phase I) — Synthetic Detergent Plant
6. Allana Oil Mills, Bombay — Continuous Bleaching, Deodorising and Filtration Plants
7. Ballarpur Industries Ltd., New Delhi — Physical Refining, Dry Fractionation for Palm Oil Soap Stock Plant—(FOR EXPORT)
8. Karnataka Soaps & Detergents Ltd., Bangalore — Fatty Acid Plant
9. Andhra Pradesh Oil & Chemicals Ind. Ltd., Guntur — Fatty Acid Plant

Projects under execution (on turnkey basis)

1. Kerala State Detergents & Chemicals Ltd., Kerala (Phase II) — Synthetic Detergent Plant
2. Stepan Chemicals Ltd., Rajpura (Phase II) — Synthetic Detergent Plant
3. Dai-Ichi Karkaria Pvt. Ltd., Bombay — Synthetic Detergent Plant
4. Bombay Soap Factory, Bombay — Synthetic Detergent Plant
5. Karnataka Soaps & Detergents Ltd., Bangalore — Toilet Soap Plant
6. Liberty Oil Mills, Bombay — Continuous Bleaching and Filtration and Fatty Acid Hydrogenation Plant
7. Organic Chemoils Ltd., Chandigarh — Fatty Acid Plant
8. Indkaffe Pvt. Ltd., Bangalore — Instant Coffee Plant

BALLESTRA (India) LIMITED
11th Floor, Tulsiani Chambers, 212 Nariman Point, Bombay 400 021.
Tel: 221995-221267-226155 Tlx: 011-4416 BAND IN Gram: INBALESTRA

SGS/BI/2-81

ie earlier years. Some of the problems he pump manufacturers are given ow:

Multiplicity of specifications by foreign based consultants

Less time given to manufacturers by project consultants and clients due to lack of planning at their end.

Inadequate supply of good quality castings and bought out items.

Non-availability of special material *i.e.* high alloy, nonmetallic and lined material.

It is gratifying to note that the pump lustry is making a joint and concerted ort to overcome all these problems to eet the challenges of the future. It may a difficult exercise to make any kind futuristic projections for the pump lustry. However, it is still required.

Given below are the projections for me of the end users and the pumps iich will be required in each of these ctors.

griculture and irrigation

This sector should enjoy an upward mand for pumpsets. This will have to matched with the rural electrification ogramme. It has been reported that 1990, almost 70 per cent of the villages India will be electrified. The Planning ommission and the Reserve Bank of dia have taken a policy decision to ergise 6,00,000 pumpsets during the xth Plan with a total outlay of Rs 360 ores and an estimated 8,00,000 pumpts by 1990, end of Seventh Plan.

Under this sector, the pumps will also required for canal lift irrigation, flood ontrol and so on. There have been moves join tanks, canals etc by laying pipenes and using pumping stations so that e miseries in areas with chronic water ortage could be reduced. And the upendous 'Dastur Garland Canal' may ome into reality which will require large umber of pumps.

Even though, electrical pumpsets will e more in demand, looking at the recuring power shortage, standby diesel engine umpsets especially in larger sizes will lso be required.

ower generation

As per Planning Commission, by 1990 he installed capacity which is 20 million wh will increase to 85 million kwh. As uch this is considered as the top priority ector and all possible sources of energy vill have to to tapped looking at the unsatiable demand in the country. Different types and sizes of pumps, therefore, will be required.

Thermal power plants

With the reported coal stock which would last for the next 300 years in the country, thermal power plants will get the major share. In order to bring the economies of scale, the trend will be towards higher capacities. Presently, 500 mw are being set up in the country, while in West and also in USSR, power plants with a capacity of 750 mw and 1100 mw have already been set up. For a vast country like India, these capacities too will have to be considered. This calls for very large sizes of pumps for cooling water circulation and preferably in pullout type for ease of repairs and maintenance.

Hydel power plants

The practice prevailing in France to pump water at a higher elevation during the off-peak hours and then using this stored water during the peakhours to run turbines is under consideration in India at Nagarjunasagar Hydel Station. This will require special designs of pumps. The Central Power Research Insitute, Bangalore, is studying the economic feasibility of this project besides water pumping windmills for the Sundarbans area.

Nuclear power plants

India's uranium resources are limited to 52,000 tonnes while thorium is abundantly available with reserves estimated at about 325,000 tonnes. However, nuclear power development is highly capital intensive requiring heavy investment in the production of heavy water and for facilities for fuel cycle. India has to depend on USA and other countries for enriched uranium. With all these problems, it is difficult to say what will be the status of this sector.

Process industries

This sector under which we can include such industries like chemicals, fertilisers, petro-chemicals, refineries, etc. is expected to record a spectacular rise in the capacity and production. With 'Bombay High' and reports of other oil finds, refining, distribution, setting up of plants to use various downstream products for commercial applications etc. will call for large number of special purpose pumps.

This will require special material of construction, and superior mechanical seals. Looking at the cost of pumps in the total cost, to reduce the cost of repairs and maintenance and thereby any stoppages in the production, pumps will be thrown away after certain usage. The replacement market will thus go up besides original demand. It is estimated that the combined growth rate of process industries per annum for coming years will be of the order of 20—23 per cent.

Fire-fighting

With the increased consciousness by insurance companies and the rebate offered on premiums for installing fire fighting systems, the demand in this sector for pumps for next decade will continuously be growing.

Paper

It has been forecast that there will be a serious paper shortage in the country by 1990 unless adequate steps are taken now. This will call for installation of additional capacities, and thus the need for pumps to handle paper stock, other liquids and for effluent disposal etc will increase.

Sugar and textile

Looking at the present technology and government policy, not much strides are anticipated in these sectors even though the demand for the same is related with the population which is ever growing.

Water supply, sewage and drainage

The Ministry of Housing and Urban Welfare has prepared a blue print for the Sixth Plan which will cover metropolitan and other big towns as well as upto taluka level places. This calls for improved water supply and sewage disposal systems. For the former, provision of tap water will be made upto taluka level places and for the latter, all towns over a population of 5 lakhs will have sewage disposal by pumping. Needless to say that the demand for various types of pumps in this sector will be on the rise.

Steel and mining

These sectors should enjoy a steady demand for pumps. No spectacular changes are anticipated.

New segments

Some of the new market segments for pumps that will come up will be for handling of slurry and coal for transferring to shore, in marine applications, for water treatment and pollution control and many more.

A discussion on some of the above market segments will help the pump manufacturers to decide their target markets. There are certainly other segments which can also be covered but for want of space.

Development of new pumps

In order to serve the new and specific requirements of user industries-present and future-new types and ranges of pumps will be required. The knowhow for the same will have to mostly come from indigenous R&D efforts. However, on selective basis import of technical knowhow will also be required. Besides expanding the capacity of the present range of various types of pumps, improvements and modifications or some new designs of pumps will be developed by 1990.

Some of these new pumps which are most likely to be developed will be:-

(a) *Submersible sewage and contractor type of pumps:*

These will be required by municipal corporations for sewage disposal, by industries for effluent disposal and so on and for civil construction works respectively.

(b) *Non-metallic pumps:*

For different types of process industries due to low cost, better corrosion resistance characteristic and lower weight, these will be required in large numbers.

(c) *Glandless pumps:*

In order to minimise the leakage problems in various process industries, glandless pumps will be preferred.

(d) *Incline pumps:*

Mostly in vertical design and in small and large sizes will be required especially for transportation of petroleum products.

(e) *Solar pumps*

(f) *Solid handling pumps (Slurry)*

(g) *Pumps with special linings*

(h) *Nuclear pumps for heavy water application*

(i) *Vertical canned pumps for handling naptha, etc.*

(j) *Axial flow/mixed flow pumps with adjustable vanes to optimise power consumption*

(k) *Pumps for hydraulic servo systems*

(l) *Pneumatically controlled metering pumps*

(m) *Monobloc chemical pumps*

(n) *Screw pumps, etc.*

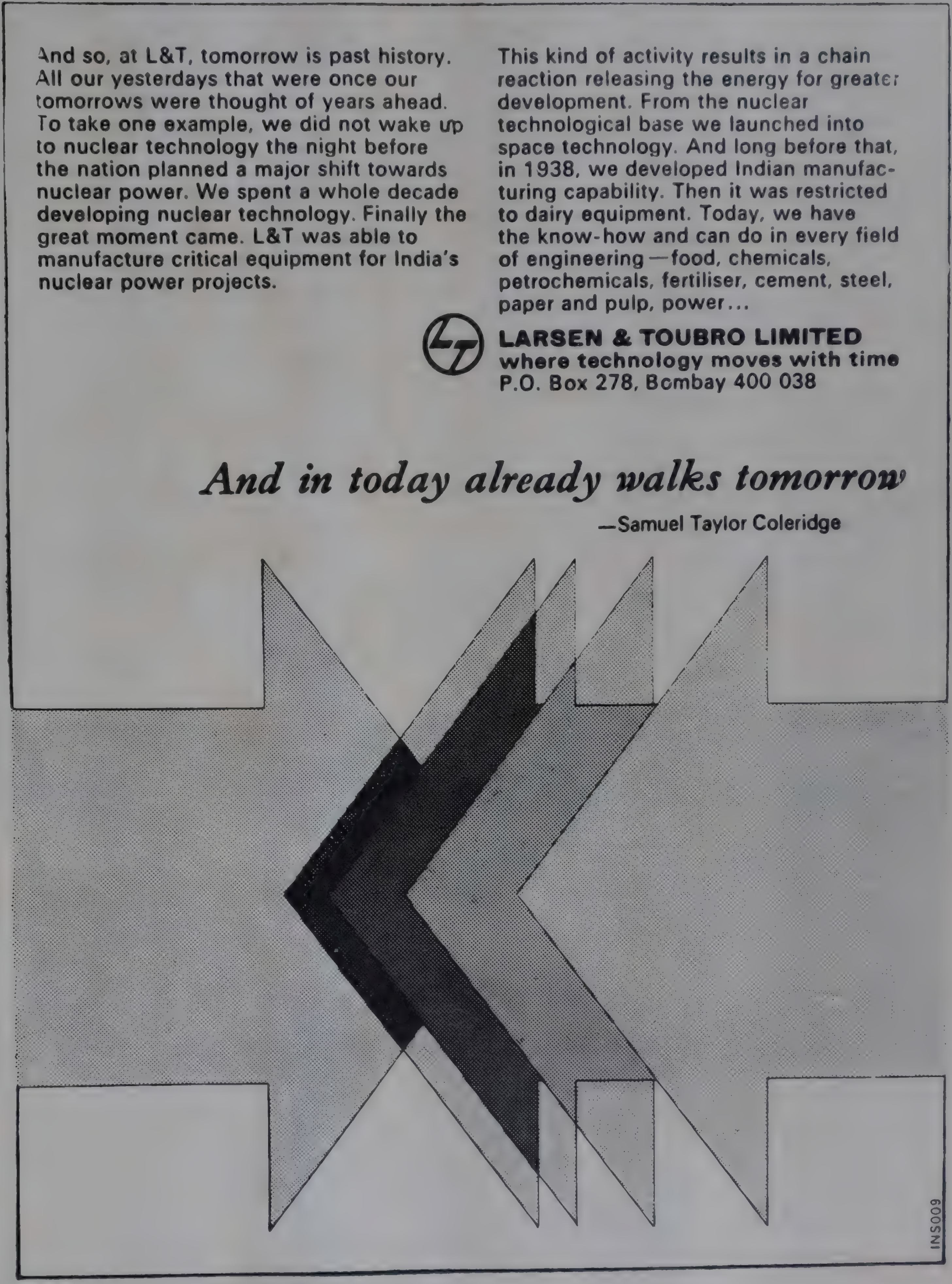
Table V : Materials of Construction

Cast iron, Cast steel, Stainless steel, Alloy-20, Hastelloy, Ni — resist, Ni — hard, various types of bronzes (aluminium, manganese, etc.), monel etc.

Also in plastic construction as well as with lea rubber, glass, enamel, FRP, PTFE, PVC and teflo lining. Other special constructions can also b offered for specific applications.

Table IV : Range of Indian Pumps

	Max. Capacity (in litres per second)
I. Centrifugal Pumps	
(A) *Horizontal — Volute Type*	
(1) End Suction, Radial Flow :—	
(a) For Agricultural and other Water Handling Applications	500
(b) As above but in Monobloc Construction with Electric Motors	130
(c) For Chemical and Process Liquids (including Back-Pollout Type)	
i) In Alloy Construction	700
ii) In Rubber-Lined Construction	350
iii) In Plastic Construction	110
iv) In Ceramic Construction	17
(d) Condensate Extraction	900
(e) Non-Clogging (Unchokable)	
i) For Sewage, Effluent, etc.	500
ii) For Slurries, Paper Stock etc.	400
(2) End Suction, Mixed Flow	6,500
(3) Horizontally (Axial) Split Casing with Radial and Mixed Flow Impellers for several application including circulating water	13,400
(B) *Vertical — Volute Type*	
(1) Radial Flow:	
(a) Sump Pumps — For Dewatering	130
(b) Submerged suspended type with special material construction for Chemical and Process liquids	470
(c) In-Line Pumps for Booster Service	1,660
(d) Condensate Extraction	500
(e) Non-Clogging for Sewage, Effluent etc. — Dry and Wet Pit Types	1,000
(2) Mixed Flow for Condenser Circulating Water and other Applications	7,700
(C) *Diffuser Type, Multi Stage*	
(1) Horizontal for Boiler Feed, Mining and other Applications	420
(2) Vertical:	
(a) Borehole, Turbine Type	6,400
(b) Submersible	280
(D) *Horizontal, Self Priming*	
(1) Regenerative and Side Channel Type for Domestic Water Supply and other clear water services	6
(2) Contractor Type, for muddy water, etc.	125
(3) Special material construction for chemical and process liquids	150
(E) *Propeller Type, Axial Flow*	14,000
II. Positive Displacement Pumps	
(A) Reciprocating Type	
(1) Hand operated for domestic water supply etc.	3
(2) Power-Driven, Piston or Plunger type	58
(3) Diaphgram Type	37
(B) *Metering and Proportionating Pumps of Plunger and Diaphgram Type*	5
(C) Rotary Pumps	
(1) Gear Type	84
(2) Screw Type	97
(3) Lobe Type	18
(4) Flexible Impeller Type	3
(5) Other Types	45
(D) *Semi-Rotary, Hand Pumps*	45
III. Water Ring Type Vacuum Pumps	10,800M³/H (Displacement)



And so, at L&T, tomorrow is past history. All our yesterdays that were once our tomorrows were thought of years ahead. To take one example, we did not wake up to nuclear technology the night before the nation planned a major shift towards nuclear power. We spent a whole decade developing nuclear technology. Finally the great moment came. L&T was able to manufacture critical equipment for India's nuclear power projects.

This kind of activity results in a chain reaction releasing the energy for greater development. From the nuclear technological base we launched into space technology. And long before that, in 1938, we developed Indian manufacturing capability. Then it was restricted to dairy equipment. Today, we have the know-how and can do in every field of engineering—food, chemicals, petrochemicals, fertiliser, cement, steel, paper and pulp, power...

LARSEN & TOUBRO LIMITED
where technology moves with time
P.O. Box 278, Bombay 400 038

And in today already walks tomorrow

—Samuel Taylor Coleridge

INS009

Supplement to Commerce dated March 27, 1982

Reg. No. MH-BY/South-38

Licence No.51

Reg. No. WB/CC-245

Walchandnagar Cement Plants to incorporate “New Wave Technology!”

WIL have entered into collaboration with ONODA–the Japanese pioneers in Cement Technology. To provide Indian Companies the best of both worlds.

The collaboration of Walchandnagar Industries Limited and ONODA Engineering & Consulting Co. Ltd. of Japan, for the Reinforced Suspension Preheater Precalciner, brings to India the most advanced cement technology

The RSP system, first designed and marketed by OECC, can be applied to existing as well as new cement plants up to a capacity of 6000 tonnes.

Today, the most advanced in the world, this system results in greater economy, easier plant operation, reduced pollution, increased kiln capacity and a much superior quality clinker. Also found to be suitable for all types of fuel including the low grade coal available in India. With the installation of the RSP system, production of cement can be increased substantially. In relation to increased output, energy consumption will be much less. Result?
An appreciable aid in energy conservation.
Lower initial investment costs for new cement plants, is what the RSP system also offers

The experienced skills of WIL have now taken Walchandnagar to Indonesia — to undertake a turnkey project for a cement plant of 2000 TPD capacity. The first cement plant ever to be exported from India. In this prestigious project, WIL is now joined by ONODA and its sophisticated technical know-how

The collaboration of WIL and ONODA
A major advancement in cement technology
To benefit the entire cement industry in India

WALCHANDNAGAR

Walchandnagar Industries Limited
Construction House
Walchand Hirachand Marg, Ballard Estate,
Bombay 400 038

Printed and Published by D.B. Mahatme on behalf of Commerce Publications Ltd., Manek Mahal, 90, Veer Nariman Road, Bombay-400 020
at Akshar Pratiroop Pvt. Ltd. 42, Ambekar Marg, Wadala, Bombay-400 031
EDITOR: Vadilal Dagli

Faster decision on export credit and exchange control

BOMBAY

A high-powered committee from the Reserve Bank of India (RBI) and the Government of India should be appointed to take decisions on export credit and exchange controls, Dr. I.G. Patel, Governor, RBI, suggested at a seminar on 'Credit and Finance for Export' organised by the Federation of Indian Export Organisations and Export Credit and Guarantee Corporation Ltd. He assured the exporters that the RBI would take a decision on all recommendations made at the seminar within two months.

According to Dr Patel, the reason why exporters were not able to get adequate bank finance was because they expected it at a concessional rate of interest. They were thus at a self-invited disadvantage. It was human and business psychology that if banks could get an interest rate of 19.5 per cent on their funds, they would not like to give funds to exporters at 9.5 to 10 per cent. By asking for priority status and concessions, the exporters were looking for an unnatural role in the scheme of things. Exporters should not overstate their importance and exports should not be treated in a isolated manner. Packing credit should be aligned with production credit. Dr Patel, however, conceded that Indian exporters should not be at a disadvantage with their competitors. They should be given concessions to match those provided by other countries.

The Reserve Bank Governor reminded exporters of the overall resources constraint and said that banks had to earmark 40 per cent of available resources for the priority sector. Though exports were not treated as priority by the banks, their needs were not ignored. The banks were given refinance on food credit and export credit, but the doors for refinance could not be kept wide open as they would make the operation of a restrictive credit policy impossible. He, therefore, asked exporters to make up their minds whether they wanted cheap credit, which the banks could not give, or ample credit at higher interest rates.

Several suggestions for export credit emerged at the discussions held at the seminar which met in four groups. Group I discussed target markets for the '80s. Group II discussed Indian and international monetary resources to support the export target for the '80s. Group III discussed the potential and impediments to project and consultancy exports. Group IV discussed export promotion and exchange controls.

Summing up the recommendations of Group I on target markets for the '80s, Dr C. Rangarajan, deputy governor, RBI, said that the rates of export growth of some products like engineering, leather and jewellery would go upto to 13 per cent in the '80s. Changes in export finance were thus required. More exports would also be made to Latin America and West Asia in future. Pre-shipment credit for some products should be expanded to 180 days. There should be another classification for pre-shipment credit of 90-180 days. Exporters of good standing should be given a line of credit and packing credit without firm contracts. Post-shipment credit should also be extended. Another suggestion the group made was that overseas branches of Indian banks should give a line of credit to Africa for India's increasing exports to the continent, which the ECGC should guarantee. The group also suggested that diamond exporters be allowed to open foreign currency accounts.

Mr Amitabha Ghosh, deputy governor, RBI, presented the recommendations of Group II on Indian and international monetary resources to support targets in the '80s. He said banks would have Rs 95,000 crores in 1985, of which Rs 55,000 crores would be available for lending. There might be a shortfall in resources available for lending. The quantum of the shortfall should be determined and the extent of resources required. There was a case for increasing interest rates on export credit because of the reluctance of banks to give export credit. The RBI was looking into how deferred credit could be made more remunerative to banks. A suggestion made was that for extended credit, the IDBI should participate with commercial banks in offering a package and early maturities should be paid to commercial banks.

Mr Y.T. Shah, ex Commerce Secretary and Director, Asian Development Bank presented the Group III recommendations on project and consultancy exports. According to him, we did not have a vibrant all India consultancy body to represent us internationally. Such a body should be constituted and actively participate *vis-a-vis* institutions like the World Bank. In a number of fields, we have a paucity of firms in consultancy. For example, there are no Indian bids for highway construction overseas. In those areas where there is enormous individual expertise, it should be given an umberalla or a corporate personality. He also suggested that 5-10 per cent of an Indian line of credit to other countries should be used for Indian consultancy. On the question of counterguarantees by foreign banks for the bonds and performance guarantees given by our banks for exports, there should be no counterguarantees, he added.

Mr W. Tambe, executive director, RBI, presented the Group IV recommendations on export promotion and exchange controls. They suggested a regular review of per diem rates payable to exporters — every year or after 18 months. This would have a certain operational advantage and would give organisations an opportunity to make representations. The scale of entertainment allowance should be made more flexible and should relate to the performance and turnover of units. RBI should also give more allowances to interpreters and secretaries. He pointed out that exchange risk cover for freight was not available and was inadequate for imports against exports.

○

SPECIAL REPORTS

MADHYA PRADESH

Moratorium on overdraft repayment

BHOPAL

BECAUSE of its difficult financial situation Madhya Pradesh has secured a moratorium on the payment of Rs 82.94 crores, which it had secured as overdraft (Rs 58.94 crores) and advance (Rs 24 crores) from the Reserve Bank and which it was expected to clear this year.

As a result, the Centre has permitted the M.P. Government to keep this large amount with it in 1981-82. It has been agreed that while Rs 24 crores will be paid in the next financial year, the State Government will be required to pay the overdraft of almost Rs 59 crores in the last three years of the Sixth Plan.

However, the Finance Minister has promised to clear the overdraft also in 1982-83. Explaining the reasons for the large overdraft, it has been stated that the Government had to incur a vast expenditure of Rs 209 crores on drought relief operations in 1979-80 and 1980-81 for which the Centre had given an aid of only Rs 85 crores.

The food production in the State in 1980-81 is estimated to be around 12.1 million tonnes as against the poor output of less than 7.5 million tonnes in the previous drought year. However, the production of food grains in 1980-81 was only marginally higher than 1975-76 when 12.1 million tonnes of food was produced. Though the production of rice, jowar and small millets registered a rise in 1980-81, there was a marked decrease in the output of wheat and pulses. While production of wheat (3.056 million tonnes) was almost half a million tonne less than in 1978-79, the pulses output at 2.023 million tonnes was 5.17 lakh tonnes less than in 1975-76.

M.P. produced 2.81 lakh bales of cotton, 1.78 lakh tonnes gur and 8.15 lakh tonnes of oilseeds in 1980-81. While the output of cotton was 16,000 tonnes higher than in 1978-79, gur production was short by 69,000 tonnes compared to 1975-76. Similarly, oilseeds production registered a decrease of 31,000 tonnes against that in 1975-76.

Unsatisfactory yield

The per hectare yield of main crops in 1980-81 has been far from satisfactory. It was 882 kg for rice (893 kg in 1970-71), 918 kg for maize (1,150 in 1975-76), 579 kg for gram (640 in 1975-76), 562 kg for arhar dal (838 in 1975-76) and 2,810 kg for sugarcane (3,056 in 1975-76). However, the yield of 977 kg wheat per hectare, 772 kg jowar and 230 kg cotton was better than in the past years.

The area of land under cultivation in 1980-81 has registered a fall except in respect of oilseeds. While the area under food production was 174.36 lakh hectares, 21,000 hectares less than in 1975-76, the area under sugarcane dropped from 77,000 hectares in 1975-76 to 63,000. Cotton was sown only in 6.18 lakh hectares against 6.91 lakh in 1970-71. Though the cultivation of oilseeds was done in 23.87 lakh hectares against 20.97 lakh in 1975-76, the production was 8.46 lakh tonnes in 1975-76 but 8.15 lakh tonnes in 1980-81.

Another paradox is that while 23.32 lakh hectares land was irrigated in 1980-81 against 18.04 lakh hectares in 1975-76, the food production went up only by 84,000 tonnes to 120.85 lakh in 1980-81. The bulk of the land under irrigation is used for food production and only 1.94 lakh hectares were under cash crop in 1980-81.

No explanation is available for the sharp decrease in the area under cotton cultivation for 6.91 lakh hecatres in 1970-71 to 6.14 lakh in 1979-80 despite the irrigated area going up from 11,000 to 55,000 hectares in the two years under review. Similarly, the 1975-76 output of 8.46 lakh tonnes of oilseeds fell down to 8.15 lakh tonnes in 1980-81 though the area under its cultivation went up in 1980-81 by 2.90 lakh hectares and the irrigation facilities increased from 32.000 to 68,000 hectares in the two years under review.

Iron ore output down

M.P. is one of the richest states in minerals and it produced coal, iron ore and other minerals worth Rs 363 crores in 1980, roughly 16 per cent of the total value of minerals produced in the country in that year. However, while the state produced 25.2 million tonnes of coal, worth Rs 278 crores, in 1980 against less than 12.6 million tonnes (Rs 46 crores) in 1970, the output of iron ore was only 9.7 million tonnes (Rs. 36 crores), as against 7.2 million tonnes in 1970, 9.8 million tonnes in 1975 and 11 million tonnes in 1978.

The employment problem continues to grow each year with the result that while there were 2.50 lakh registered jobless in 1970, their number went up to 9 lakh at the end of 1981. Almost 45 per cent of them were educated unemployed.

Mr P. C. D. Nambiar, chairman, State Bank of India, handing over a cheque for Rs 1 crore to the Prime Minister, Mrs Indira Gandhi, as SBI's donation to the Prime Minister's National Relief Fund.

ROP AND COMMODITY SURVEY
EBRUARY 1982

Record rice procurement achieved

By COMMERCE RESEARCH BUREAU

CROP prospects for rabi 1981-82 were somewhat dimmed because of excess rains in the first ten days of March in the northern rabi belt, particularly in Haryana, Himachal Pradesh, Punjab and Uttar Pradesh. The Commerce Research Bureau's estimate of 56.4 million tonnes of rabi foodgrains for 1981-82 made at the end of February may therefore have to be revised downwards after receipt of detailed reports of crop damage in the rabi belt.

The target for foodgrains production for 1982-83 is fixed at 142.7 million tonnes. This includes 58 million tonnes of rice, 39 million tonnes of wheat and 14.7 million tonnes of pulses. The target for oilseeds production is fixed at 13.5 million tonnes.

Rice procurement during the current kharif marketing season (November 1981 — October 1982) till March 20, 1982 totalled 63.91 lakh tonnes as against the procurement of 49.79 lakh tonnes during the corresponding period last season and 58 lakh tonnes for the entire last season and the earlier record procurement of 63.3 lakh tonnes achieved during 1978-79. The total procurement this season is expected to reach eight million tonnes.

India received five lakh tonnes of Australian wheat till February end, out of a total import contract for 7.5 lakh tonnes and about 12 lakh tonnes of US wheat out of 15.15 lakh tonnes contracted for. The remaining quantity of both Australian and US wheat are expected by April end.

The foodgrains stocks with the Food Corporation of India (FCI) were 8.57 million tonnes on February 1, 1982.

The Cotton Corporation of India (CCI) purchased 30.52 lakh quintals (6.25 lakh bales) of kapas during the first six months of the current cotton season (September 1981 — August 1982) including 0.58 lakh bales of Shankar-4 cotton in Gujarat. The Maharashtra State Cooperative Marketing Federation pruchased 11 lakh bales of cotton valued at Rs 275 crores under the monopoly cotton procurement scheme during the same period.

The Union Agriculture Minister announced on February 16 that the levy sugar quota to the States which is at present on the basis of 1971 populations census would be revised on the 1981 population basis from April 1982.

The State Trading Corporation (STC) imported 11.54 lakh tonnes of edible oils during 1981. The stock of imported edible oils with the STC as on January 1, 1982 was 2.76 lakh tonnes.

The 12th International Congress of Soil Science held at New Delhi during the month discussed various problems of soil conservation. It was mentioned that the world was losing, on a modest estimate five to seven million hectares of arable land annually as a result of urbanisation, other non-farm uses and soil degradation. Most of it was believed to be happening in Asia. The Union Agriculture Minister, Rao Birendra Singh outlined a three-pronged soil policy for the country at the conference. The aims of the policy were: (i) improving productivity of land already under plough, (ii) prevention of soil degradation, and (iii) restoration of deteriorated land back to normal production.

The following paragraphs present the statewise and cropwise position for the month of February 1982.

ANDHRA PRADESH

The Foord Corporation of India (FCI) procured 6.25 lakh tonnes and the Andhra Pradesh State Civil Supplies Corporation 32,000 tonnes of rice in the state during the 1981-82 kharif marketing season (November 1981-October 1982) until February 28, as against a target of 10 lakh tonnes. The FCI had moved 5.35 lakh tonnes of rice from the state to other states and 2.47 lakh tonnes to deficit areas within the state during the current financial year.

The sugarcane crop in Visakhapatnam district in particular, covering an area of 25,000 hectares was reported to be affected by "scale insect" pest. To curb further spread of the pest a Rs one crore scheme would be launched in the district to cover 8,000 hectares each year for a period of three years.

Coffee farming in the state would get a boost under the aegis of the Andhra Pradesh Forest Development Corporation (APFDC). The Agricultural Refinance and Development Corporation had cleared two extension schemes involving 4,000 hectares costing Rs 9 nine crores. These two schemes would commence from the current plantation season and continue for four years.

Cashew cultiivation in the state was given a fillip with the launching of two massive schemes covering a combined area of 15,600 hectares launched by the APFDC with aid from the World Bank and other financial institutions.

The growers and the traders of tobacco failed to come to an agreement regarding prices. The growers demanded a price of Rs 1,650 per quintal while the dealers were willing to pay Rs 1,250 per quintal as against the last year's price of Rs 1,100. The traders were not purchasing the tobacco brought to the market by the growers at the prevailing prices. A fear that farmers may be forced to resort to distress sales was therefore expressed unless the Tobacco Board and the National Agricultural Cooperative Marketing Federation (NAFED) intervened.

ASSAM

The Brahmaputra Flood Control Board, in a meeting on February 9, recommended that over 50 flood control projects costing over Rs nine crores be undertaken on a priority basis during 1982-83 to deal with the complexity and magnitude of the recurring floods in the Brahmaputra valley.

BIHAR

According to the State Agriculture Minister, Mr Ramesh Jha, rabi crop prospects were bright, going by the area covered during this year. The foodgrains production target for 1981-82 was fixed at 116 lakh tonnes of which 106 lakh tonnes was expected to be produced, he said. The State Government granted subsidies to wheat, hybrid maize, garma moong seeds to the tune of Rs 30, Rs 100, and Rs 150 per quintal respectively. The subsidy for certified and truthfully marked seeds would be Rs 100 per quintal each.

The State Government decided to make available 50 per cent of the 150 MW power required for the agricultural sector during the period February 8 to March 15, 1982. The state also provided Rs 25 lakhs for plant protection and introduction of dry land farming technology in the plateau regions during 1982-83.

The State Government decided to launch a special drive to complete the implementation of the land ceiling law by March end 1982 and to fully implement other land reform measures by 1985.

The State Government launched a Rs 72.65 lakh scheme for supply of wood for use, as fuel in rural areas. The scheme envisages a two fold programme-afforestation and supply of wood in the rural areas. Advance work was undertaken for afforestation in 7,000 hectares of land.

GUJARAT

The State Government put the total foodgrains production estimate for the state for 1981-82 at 48.87 lakh tonnes. The wheat crop was expected to exceed last year's crop of 12.98 lakh tonnes by about one lakh tonnes.

The Cotton Corporation of India purchased 0.53 lakh bales of Shanker-4 cotton valued at Rs 14 crores till February 23 in the state as against the target of 2.75 lakh bales for the entire cotton season (Semtember 1981—August 1982).

The Gujarat Cotton Growers Federation urged the Centre to declare "soon" a 25 per cent rise in the support price of cotton as recommended by the Agricultural Prices Commission (APC) to overcome the slump in the market.

HARYANA

Standing rabi crops were damaged by hailstorm which lashed Sonepat district of the State towards the end of the month. About 20 per cent of the crops had been completely damaged. The wheat crop had earlier been threatened by the cold humid spell and rust setting in. However the increase in temperature warded off the danger. The State Agriculture Minister estimated the wheat production this year at 40 lakh tonnes against a target of 36 lakh tonnes.

The State Government decided to set up a Rs 1.5 lakh brackish water fishery research centre, at Sultanpur to explore the possibility of fish farming in areas having saline water.

A sum of Rs 40 lakhs was provided to extend the crop insurance scheme to more crops during the current rabi season. The scheme had already covered wheat, gram and barley crops.

A World Bank aided Rs 33.3 crore scheme under the Social Forestry Programme, the first of its kind in the State, would be launched on April 1, 1982.

HIMACHAL PRADESH

The State Government proposed to launch a Rs 11.5 crore project next year to promote vegetable cultivation during the off season, in areas which had transportation facilities.

The state was affected by a severe cold wave with widespread snowfall and rain at the end of the month.

A five-year Programme was drawn up to raise the production of potatoes, peas, ginger and other vegetables in the state and for their export to other countries.

JAMMU AND KASHMIR

The Kashmir valley remained cut off for two days from the rest of the country due to heavy snowfall during the middle of the month.

KARNATAKA

The State Government approved a Rs 55.02 crore scheme for construction of rural godowns. The programme to cover the entire state and to be implemented over a five-year period beginning this year, envisaged a total storage capacity of 8.34 lakh tonnes. Of the total expenditure, 50 per cent would be obtained by way of loans from apex or commercial banks. Eighty per cent of the loan would be refinanced by the Agricultural Refinance and Development Corporation and the balance would be provided by the Union Government by way of subsidy and State Government's contribution.

KERALA

The Kerala State Cooperative Marketing Federation commenced procurement of raw cashew and planned to procure one lakh tonnes this season. Last year, the Federation procured 0.60 lakh tonnes.

The tea industry in the state was reportedly facing uncontrolled increase in costs, unfavourable market trends, excessive taxation and adverse governmental policies. This had resulted in a fall in the output of tea in the state which now (1980) accounted for only eight per cent of the total tea production in the country, as against 11.2 per cent 20 years ago.

MADHYA PRADESH

Heavy rain and a hailstorm dimmed hopes of a record rabi production during 1981-82. Over 20 districts, out of a total of 45 districts were affected. In Dewas, Hoshangabad, Narsinghpur and Indore districts, the damage to rabi crops was between 50-70 per cent. The crop loss in Vidisha district was estimated at Rs 11 crores and in Hoshangabad district at Rs five crores.

The hailstorm damaged standing crops in 9,000 hectares in Indore district. First reports placed the loss at Rs 23.50 crores due to crop damage in 1,000 villages affecting an area of 1.66 lakh hectares.

The State Government sanctioned Rs 75 lakh as grants to farmers whose crops were damaged. The State Government requested the Centre to send a study team to the state to assess the damage to the rabi crop due to the hailstorm According to the State Agriculture Minister, the shortfall in rabi target due to unfavourable weather and disease on wheat crops was estimated about 25 to 30 per cent.

MAHARASHTRA

Hailstorms during January damaged rabi crops valued at Rs six crores, in 621 villages in 11 districts of the state The State Government increased the per capita relief from Rs three to Rs four per day for a period of 15 days in the fected areas. In addition Rs 50 per head as granted as immediate relief. Other oncessions granted included waiving of nd revenue payment and deferring debt ecovery while recovery of power con- umption bills was deferred for a period f four months.

The State Government urged the entre to increase the statutory minimum ugarcane price to Rs 40 per quintal for he 1982-83 sugar season.

The cooperative sugar factories in the tate agreed to pay Rs 210 to Rs 275 per onne for sugarcane to farmers during he current sugar season.

A delegation of cotton growers in aharashtra in a meeting with the Chief inister on February 23, demanded s960 per quintal as the support price or raw cotton.. It was reported that the hief Minister agreed to lead a delegation o New Delhi in a bid to secure higher rices for cotton in the state.

During the 1981-82 cotton season the aharashtra State Cooperative Marketing Federation (MSCMF) procured till arch 1, 1982 over 55 lakh quintals of aw cotton worth about Rs 275 crores nder the state's Cotton Monopoly cheme as against 65.15 lakh quintals uring the whole 1980-81 cotton season. owever because of prevailing low rpices of cotton, the MSCMF was finding it ifficult to dispose of the procured bales and out of six lakh bales pressed till February end only one lakh had been sold.

The State Government decided to supply five kg groundnut oil per month o card holders, at the rate of Rs 12.75 per kg through fair price shops in Bombay and Thane rationing areas, as recently groundnut oil prices had shown substantial rise.

A Rs 82 lakh fish seed farm on the Paithan dam near Aurangabad would be completed shortly. This would help raise the fish catch earnings from Rs 17.5 lakhs to Rs 30 lakhs a year.

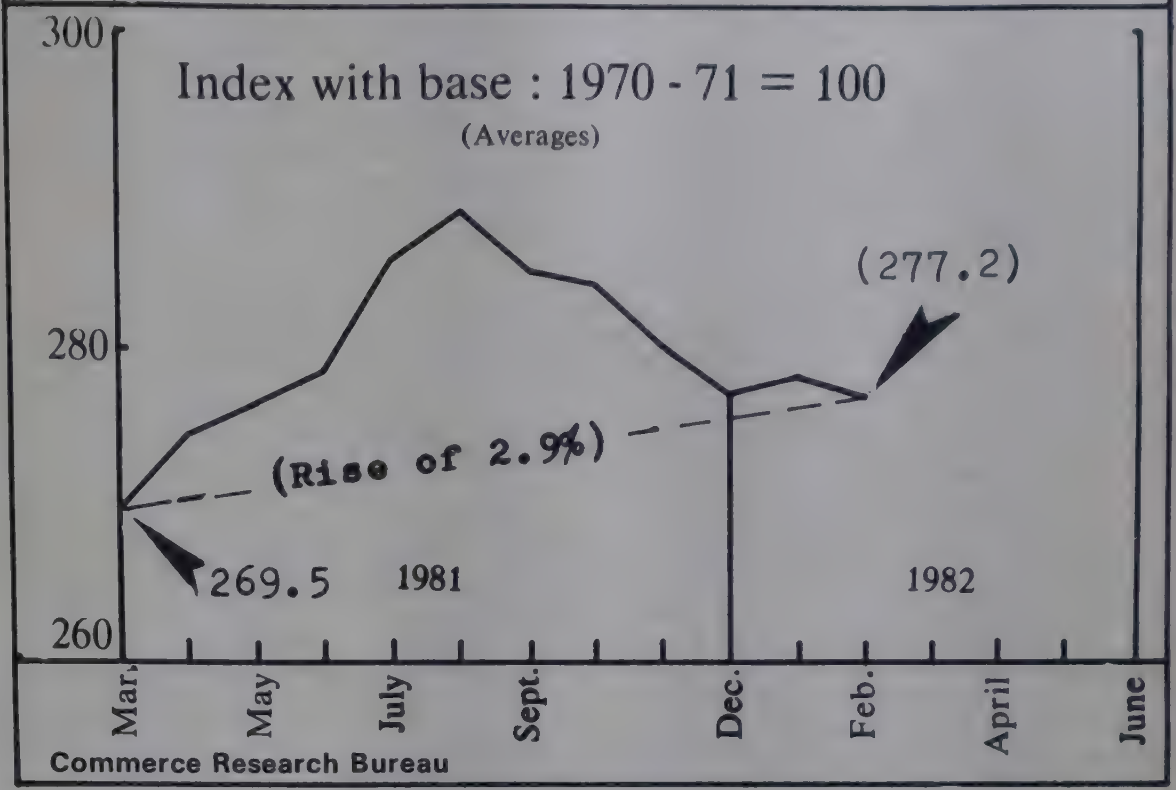
MEGHALAYA

The Centre had taken up schemes to explore the possibilities of rubber cultivation on a commercial basis in the state. A regional rubber plantation board was being set up for the purpose.

ORISSA

According to the State Agriculture Minister, during the 1981-82 kharif season

Trends in Wholesale Prices



Commerce Research Bureau

Downtrend resumed

THE wholesale price index resumed the downtrend during the month after a small break during January 1982. At 277.2 the wholesale price index for February 1982 showed a fall of 0.5 per cent over the preceding month. During the first eleven months (April-Feburary) of the current financial year the wholesale price index was higher by 9.6 per cent than that of the corresponding period of 1980-81. However, on a point-to-point basis the wholesale price index during the year ended February 27, 1982 increased only by 2.6 per cent as against a rise of as much as 17.6 per cent during the year ended February 28, 1981.

The decline in prices during February 1982 was mainly accounted for by a fall in the prices of jowar, arhar, rice, wheat, barley, maize, ragi, gram, urad, mung, fish, sugar, khandsari.

Month	Wholesale price index (Average) (1970-71=100)	Percentage
1981		
January	263.2	+2.4
February	268.8	+2.1
March	269.5	+0.3
April	274.6	+1.9
May	276.8	+0.8
June	278.8	+0.7
July	285.6	+2.4
August	288.8	+1.1
September	284.6	−1.5
October	283.9	−0.2
November	280.2	−1.3
December	278.0	−0.8
1982		
January	278.7	+0.3
February	277.2	−0.5

Index Number of Wholesale Prices

(Base : 1970-71 = 100)

Group	Weight in the official index	Feb. 27, 1982	Jan. 30, 1982	Feb. 28, 1981	Percentage variation on Feb. 27, 1982 over Jan. 30, 1982	Feb. 28, 1981
Manufactured products	49.9	259.1	262.8	261.7	−1.4	−1.0
Food products	13.3	250.2	264.5	299.6	−5.4	−16.5
Beverages, tobacco & tobacco products	2.7	216.6	219.1	214.7	−1.1	0.9
Primary articles	41.7	263.1	264.8	250.9	−0.6	4.9
Non-food articles	10.6	235.6	238.1	230.9	−1.0	2.0
Fuel, power, light & lubricants	8.4	437.7	437.5	400.1	–	9.4
All commodities	100.0	275.9	278.4	268.9	−0.9	2.6

When you have had a good relationship, your associates deserve their due.

Perhaps you have certain associates and customers of long standing. The ones who've stood by you year after year. Deserving something special, for old time's sake. Or maybe you're thinking of the important visitor from out-of-town. And how to give him a memorable time. Try gifting some of HMT's watches. There's no better way to show them you remember

HMT watch.

For the special hand, it's something extra-special.

The HMT Deal

If you've the inclination, then here's a deal. A great deal! We offer discounts for bulk orders. And a whole lot more. Engraving on the back of watches. Sending them along to your gift recipients Preparing special packages Or anything else you'd care to suggest.

Try us.

With our range of watches, everything is possible. And we can supply as many as you need. We'll mail you our folder if you write in to

HMT Limited
Watch Marketing Division
Basappa Complex
40/1A, Lavelle Road
Bangalore 560 001

Watch Division

hmt

Timekeepers to the Nation

Factories:
Bangalore (I&II). Srinagar. Tumkur

They deserve a good time. An HMT watch.

HMT WATCHES
If you've the inclination, we've the time!

dy crops worth Rs 30 crores were naged by drought in the state. To comsate the loss the minimum yield promme was extended to 2.51 lakh hects out of 2.70 lakh hectares under paddy ring the rabi season.

Large scale erosion in the coastal areas rth of Paradip port from the Mahanadi er mouth up to Bramani river mouth, listance of 100 km, was causing grave ncern and the State Irrigation Departent had sent three survey teams to make 'on the spot' study of the situation.

Shrimp exports from the state during e first nine months of the financial year 81-82 were over Rs 13 crores.

JNJAB

The cloudy weather in the first fortght in most parts of the state was likely have an adverse effect on the wheat op in the state. Overwatering of wheat elds was reported in some areas of atiala district while there was yellow st on wheat crop in Gurdaspur district.

The State Government demanded that e procurement price for the 1982-83 heat marketing season should be fixed Rs 161 per quintal as against the Agriultural Prices Commission's recomended price of Rs 142 per quintal, in ew of the rise in the prices of inputs.

The Punjab State Cooperative Supply nd Marketing Federation (MARKFED) ould construct 200 marketing godowns f four lakh tonnes capacity and eight old storages of 32,000 tonnes capacity t a cost of Rs 18.8 crores and Rs four rores respectively under the World Bank ided storage project during the next five ears.

Eight cold storages would be contructed shortly by MARKFED at an stimated cost of Rs 4.5 crore in the otato growing areas of the state.

The MARKFED had fixed a target f purchasing three lakh bales of cotton his year, of which about 2.25 lakh bales ad been purchased till February 20, 1982.

The cotton belt in the state was faced vith a serious problem of water logging. ears were expressed that this would esult in a decline in cotton production. survey was being conducted at the nstance of the State Government of the ffected areas and a pilot project was oeing prepared to tackle the problem.

The State Department of Horticulture aunched an ambitious programme for the cultivation of different varieties of fruits and vegetables in the state. A sum of Rs 1.94 crores was earmarked to increase the area under fruits and potato by 2,000 hectares each and under vegetables by 5,000 hectares.

The International Development Agency gave Rs 58 crores to the State Government for setting up milk plants and chilling centres in all districts of the state.

The State Government permitted card holders who could not draw their sugar quota for January to draw the same till February 15, 1982.

RAJASTHAN

Famine conditions were reported in most parts of the state for the fourth year in succession. The State Government was making all efforts to cope with the scarcity which affected a population of two crores and 2.76 crores of livestock. To provide drinking water all available rigs were used to deepen the existing sources and 192 tankers were pressed into service. In 9,000 villages drinking water arrangements were provided.

The Centre sanctioned Rs 3.04 crores to the state for providing employment to the drought affected people on relief works.

According to the State Governor the rabi foodgrains output in the state this season was expected to be about 45.30 lakh tonnes as against last year's production of 37.84 lakh tonnes.

TAMIL NADU

The State Government would consider relaxing the levy on wholesale traders of paddy and rice if the procurement target of six lakh tonnes for the current season required for the public distribution was achieved.

Prices of long staple cotton in the state declined sharply due to the current textile strike in Bombay. The Cotton Corporation of India purchased only 3,000 quintals this season in the state upto February 24, as against the estimated current crop of 2.5 lakh bales.

Following a High Court decision the state's scheme of rationing of sugar linked to incomes ended on March 1, 1982. The available quota of levy sugar for the state would be distributed at 425 grams per head per month from March.

The State Government requested the Centre to allot at least 16,000 tonnes of palmolein a month to the state as against the present allotment of 2,547 tonnes to enable the state to supply one kg of palmolein the every cardholder.

The State Finance Minister announced in his budget speech on February 26, 1982 a Rs 100 crore feeding programme to provide at least one nutritious meal a day to all poor children in the state in the age group of 2 to 10 years.

Sweden agreed to provide assistance of Rs 45 crores for a social forestry project intended to promote conservation and creation of community forest reserves in the state.

In 1982-83 an additional area of 3,200 hectares would be brought under mulberry cultivation creating additional employment opportunities to 40,000 persons.

TRIPURA

The Rubber Board decided to accelerate the tempo of rubber planting in the north-eastern states in general and Tripura in particular. About 25,000 hectares of land in the state was considered suitable for rubber plantation.

UTTAR PRADESH

Snow, rain and hailstorm swept over the state at the end of the month. Eleven persons lost their lives. The standing winter crops suffered considerable damage.

The sugarcane production of 70.7 million tonnes in the state this year was record. The Chief Minister, Mr Vishwanath Pratap Singh, called upon the sugar mills to create a record in sugar production by crushing maximum sugarcane in the "productivity year".

The State Government directed all cooperative banks in the state to pay 75 per cent of the prevailing market prices of potato to the growers who stored their produce in cooperative cold storages. In the meanwhile, the Provincial Cooperative Federation (PCF) and NAFED started purchase of potato on a large scale at subsidised rates.

Since the imposition of the Land Ceiling Act about 1.1 lakh hectares of land was declared surplus in the state so far, of which about one lakh hectares was distributed to the landless.

NOTICE

TATA ENGINEERING & LOCOMOTIVE COMPANY LIMITED

Regd. Office: Bombay House, 24 Homi Mody Street,
Fort, Bombay 400 023

(General Notice under Section 21 of the Monopolies and
Restrictive Trade Practices Act, 1969)

FORM 1A

1. It is hereby notified for the information of the public that TATA ENGINEERING & LOCOMOTIVE CO. LTD. proposes to give to the Central Government in the Department of Company Affairs, New Delhi a notice under sub-section (1) of Section 21 of the Monopolies and Restrictive Trade Practices Act, 1969, for substantial expansion for the manufacture of truck and bus chassis at its Pune Works in the State of Maharasthra. Brief particulars of the proposal are as under:

i) Name(s) of person(s)/body corporate owning the undertaking:

Tata Engineering and Locomotive Company Limited
Bombay House,
24, Homi Mody Street,
Fort, Bombay 400 023

ii) Capital structure of the applicant undertaking (as on 31st March, 1981).

	Rupees
a) Authorised Capital	
i) 2,10,000 9% Cumulative Redeemable "A" Preference Shares of Rs 100 each	2,10,00,000
ii) 2,40,000 New 9% Cumulative Redeemable "A" Preference Shares of Rs 100 each	2,40,00,000
iii) 55,50,000 Ordinary Shares of Rs 100 each	55,50,00,000
	60,00,00,000
b) Issued Capital	
i) 2,27,853 New 9% Cumulative Redeemable "A" Preference Shares of Rs 100 each	2,27,85,300
ii) 29,23,034 Ordinary Shares of Rs 100 each	29,23,03,400
	31,50,88,700
c) Subscribed Capital	
i) 2,27,853 New 9% Cumulative Redeemable "A" Preference Shares of Rs 100 each fully paid up	2,27,85,300
ii) 29,22,998 Ordinary Shares of Rs 100 each fully paid up	29,22,99,800
	31,50,85,100
d) Capital Suspense	
Share monies pending allotment	3,600
	31,50,88,700

iii) Details of the proposed substantial expansion:

a) Names of new goods to be produced, supplied controlled or distributed or of new services to be rendered.

Not Applicable

b) In case of substantial expansion of existing activities:

i) Name of goods	: Truck and bus chassis
ii) Capacity before Expansion (Licensed) :	11,160 Nos. per annum
iii) Expansion proposed	: 24,840 Nos. per annum
iv) Location of the project for substantial expansion	: At its existing site at Pune, Maharashtra

v) Brief outline of the cost of the project, the scheme and sources of finance:

Capital Cost of the Project	: Rs. 170 crores
The Scheme and sources of finance	: It is proposed to finance the expenditure largely from internal resources to be supplemented by loans from public financial institutions and other sources.

2. Any person interested in the matter may make a representation to th Secretary, Department of Company Affairs, Government of India, Shastr Bhavan, New Delhi, within 14 days from the date of publication of this Notice intimating his views on the proposal and indicating the nature of his interes therein.

For TATA ENGINEERING & LOCOMOTIVE CO. LTD

(K. R. Mondkar)
Chief Executive Office

Dated this day of 19th March, 1982

ST BENGAL

In view of the distress sale of potatoes State Government decided to purase 10,000 tonnes of potatoes directly m the cultivators this season.

The Union Agriculture Minister, Rao endra Singh, informed the Lok Sabha at the state had been given the highest ocation of foodgrains this year from e Central pool comprising 17 per cent the total allocations made in the untry.

The State Government planned to igment irrigation potentialities in the y districts through conjoint use of rface and ground water resources.

Boro paddy this year was cultivated the state on 4.5 lakh hectares as against e earlier fixed target of 6.5 lakh hectes.

A Rs 50 crore Ghatal master project r flood control was started during the onth to help 10,000 villages and save rops worth Rs 880 crores annually.

The Calcutta High Court ordered that heat allotments made by the State overnment to roller flour mills should e on the basis of the best milling perforiance by the unit concerned for any ontinuous period of 12 months between anuary 1977 and July 1980.

ice

Procurement of rice during the 1981-2 kharif marketing season till March 6, 982 totalled 62 lakh tonnes as against he procurement of 48 lakh tonnes during he corresponding period last season.

Statewise rice procurement was as ollows:

(Lakh tonnes)

State	Procurement
Punjab	30.12
Haryana	8.00
Andhra Pradesh	6.70
Uttar Pradesh	5.43
Madhya Pradesh	3.00
Tamil Nadu	2.87
Other States	5.88
Total	62.00

A programme to develop hybrid rice for field trials was taken up in the country to secure a further boost in yield levels by 25-30 per cent. As a part of the programme a dwarf male sterile line of paddy was developed for the first time in the country by the scientists at the University of Agricultural Sciences, Bangalore.

In the Delhi market the price of rice (basmati) declined by 9.1 per cent during the month to Rs 400—600 per quintal.

Wheat

The Union Agriculture Minister, Rao Birendra Singh, informed the Lok Sabha on March 1 that the Union Government had not as yet decided on the procurement price of wheat for the 1982-83 wheat marketing season. He further said that the Agricultural Prices Commission's (APC) report on price policy for wheat was sent to 12 important wheat producing states in the country for their remarks. The same were received from ten States and were being studied at the Centre, he stated.

Intermittent rains in the northern region in the first week of March dimmed hopes of a bumper wheat crop of 38 million tonnes this season. Reports regarding the extent of damage caused by the unfavourable weather were however awaited.

India received nearly five lakh tonnes of the total import contract of 7.5 lakh tonnes of Australian wheat till February end. The remaining quantity was expected to arrive by April end.

The Union Agriculture Ministry clarified that the Fenitrothion element in imported Australian wheat was within tolerance limits and the grain was safe for human consumption. The tolerance limit specified by the World Health Organisation and the Food and Agriculture Organisation code was 10 parts per million (PPM). At the time of loading it was seven parts per million which declined to one to three PPM at the time of unloading and this would decline further during storage.

Of the 15.15 lakh tonnes of US wheat contracted for about 12 lakh tonnes were unloaded at Indian ports. The price of wheat (deshi) in the Delhi market rose by 2.3 per cent during the month to Rs 210—240 per quintal.

Jute

The jute mills affiliated to the Indian Jute Mills Association purchased 35.70 lakh bales of jute for the first seven months of the current season (July 1981-June 1982) as compared to 49.72 lakh bales purchased last season. The fibre inventory of the mills at the end of January 1982 was 14.81 lakh bales including an undelivered quota of 4.26 lakh bales.

The Reserve Bank of India restored the additional four weeks credit accommodation to the jute industry for purchase of raw jute from the Jute Corporation of India for a period of six months, with effect from February 1, 1982. This was in addition to the bank credit limit for 10 week's consumption as per the norms of the Tandon Committee.

The Jute Corporation of India purchased 17.5 lakh bales till February 22, 1982, and its fibre inventory was 31.9 lakh bales including a carryover of 14.4 lakh bales.

The Indian Jute Mills' Association (IJMA) submitted a memorandum to the Union Commerce Ministry for fixation of the statutory minimum price for B-Twill bags at Rs 480 per 100 bags to save the industry from losses arising out of the lower rating price of Rs 412.

The Directorate General of Supplies and Disposals (DGS and D) was asked by the Union Government to buy a little over one lakh bales of B-Twills to help jute mills overcome their liquidity problems. This quantity was over and above the emergency purchases of one lakh bales of B-Twills by the DGS and D and was intended to meet the requirements of the Food Corporation of India and the Punjab and Haryana State Marketing Federations for packing foodgrains.

The latest reports placed the jute crop for 1981-82 season at 70 lakh bales as against about 75 lakh bales last year. In the Calcutta market the price of jute (W-5) ruled steady at Rs 240 per quintal during the month.

Cotton

The Cotton Corporation of India (CCI) purchased 30.52 lakh quintals (6.25 lakh bales) during the first six months of the current cotton season (September 1981—August 1982). In Gujarat the CCI purchased 0.58 lakh bales of Shanker-4 cotton, in Andhra Pradesh 0.46 lakh bales of MCU-5, in Karnataka 0.09 lakh bales of Varalaxmi and in Tamil Nadu 0.06 lakh bales of MCU-5.

The Cotton Advisory Board at its second meeting (February 23, 1982) of the current year assessed the cotton supply situation. The revised supply demand situation is as follows:

Cotton Balance Sheet: 1981-82 (Septmber-August)

(Lakh bales of 170 kg each)

I. **Total supply (a to c)**	**96.35**
(a) Carry-over stock	16.35
(b) Indigenous production	79.50
(c) Import	0.50
II. **Total demand (d to g)**	**79.58**
(d) Mills consumption	73.50
(e) Waste spinning plants	1.00
(f) Ex-factory consumption	3.00
(g) Export	2.08
III. **Carry forward stock (I—II)**	**16.77**

The sharp fall in the consumption of cotton from the earlier estimate of 80 lakh bales to 73.50 lakh bales was due to the prolonged textile strike in Bombay. The prices of long staple cotton ranging between Rs 4,800 to Rs 5,200 per candy in the last week of February were about Rs 800 to Rs 1,200 lower than last year. The cotton growers were therefore faced with unremunerative prices for their produce.

The President of the East India Cotton Association Bombay pleaded for importing short and medium staple cottons which were urgently required in the current season. He also urged the Government to relax credit restrictions on the cotton trade.

In the Bombay market the price of cotton (CJ-73) declined by 9.3 per cent during the month to Rs 1,167 per quintal.

Edible oils

The issue price of imported edible oil supplied to the vanaspati industry was raised by the Centre from Rs 7,210 to Rs 8,500 per tonne on February 17. Also the content of imported oil was reduced from 70 to 60 per cent. Consequently the vanaspati industry raised the price of a 16.5 kg tine of vanaspati from Rs 192 to Rs 217.

The Union Government abolished the export duty of Rs 1,500 per tonne of HPS groundnut with effect from February 15, 1982. However, export prospects for HPS groundnut continued to be bleak. Of the quantity of 55,000 tonnes of HPS groundnut released for export NAFED had sold only 20,000 tonnes out of a quota of 40,000 tonnes and the Gujarat State Export Corporation 10,000 tonnes out of a quota of 15,000 tonnes.

The State Trading Corporation suspended delivery of imported edible oils for two days (February 17 & 18, 1982) for stock taking. Delivery was resumed to vanaspati units as well as to States at revised prices from February 19, 1982.

The Union Government decided that the policy of importing edible oils towards covering gap in supplies would continue during the oil year November 1981 to October 1982.

The price of groundnut oil in the Madras market declined by 4.9 per cent during the month to Rs 1,270 per quintal.

Sugar

Sugar production during January 1982, the fourth month of the current season was 14.20 lakh tonnes as against 12.15 lakh tonnes during the same month last year. Thus production during the first four months amounted to 32.22 lakh tonnes as against 26.14 lakh tonnes during the corresponding period last year. The despatches during the month were 3.99 lakh tonnes for internal consumption and 0.24 lakh tonnes for export as against 4.20 lakh tonnes for internal consumption and nil for exports during the same month last season. The total offtake in the first four months of the 1981-82 season was 15.16 lakh tonnes for internal consumption and 0.68 lakh tonnes for export as against 14.45 lakh tonnes for internal consumption and nil for exports during the corresponding period last season. The total closing stock with the factories on January 31, 1982 was 24.17 lakh tonnes as against 17.66 lakh tonnes on the same date last year.

The Union Government decided in principle to build a buffer stock of sugar from the current sugar season. The initial size of the buffer stock may be about five lakh tonnes.

The Centre released 4.21 lakh tonnes of sugar for internal consumption for March 1982 consisting of 2.71 lakh tonnes of levy quota and 1.5 lakh tonnes of free sale quota. The free sale quota was 10,000 tonnes more than that of last month.

Sugar production during the current season was expected to be about 70 lakh tonnes as against 51.48 lakh tonnes in the previous season.

The tariff value of free sale sugar was raised by rupees five to Rs 490 per quintal with effect from March 1, 1982. Sugar exports in the current sugar season till January 15, 1982 reached 51,000 tonnes as against nil exports in the corresponding period of the previous season.

The price of sugar (C-30) in the Bombay market declined by 6.3 per cent during the month to Rs 554-560 per quintal.

Tea

India obtained an export order for tea bags and packets worth Rs one crore from Australia.

The total tea production for the country during 1981 was lower at 544.4 million kg as compared to the preceding year's production of 552.7 million kg. This was largely because of a sizable setback in the output of South India. Exports were estimated to have touched a record of 245 million kg compared to 225 million kg in 1980..

The five day conference of tea producing and consuming countries organised by UNCTAD at New Delhi in the first week of the month did not succeed in its main object of arriving at an agreement regarding the allocation of a global export quota for each producing country.

In the Bombay market the price of tea ruled steady at Rs 2,400 per quintal during the month

Coffee

The Union Government raised the export duty on coffee from Rs 85 to Rs 300 per quintal with effect from February 17, 1982 due to recent increase in the international prices of coffee.

Rubber

The State Trading Corporation finalised during the month contracts for the import of 15,000 tonnes of natural rubber as authorised by the Union Government. Arrivals against the same had already started.

The Centre planned to raise a buffer stock of rubber of 5,000 tonnes of imported rubber. The buffer stock would cost Rs five crores.

Production of natural rubber during the period April-November 1981 at 99,595 tonnes was 4.3 per cent lower as compared to the production of the corresponding period in the previous year.

Spot prices of agricultural commodities: February 1982

(Rs per quintal)

Commodity	Market	Variety	February 27, 1982	January 30, 1982	February 28, 1981	February 29, 1980	Percentage variation on February 27, 1982 over		
							a month	a year	two years
I. Foodgrains									
(1) Rice	Delhi	Basmati	400-600	450-650	325-525	300-575	−9.1	17.6	14.3
	Hapur	Basmati	450-470	450-475	450-480	380-400	−0.5	−1.1	17.9
	T P Gudam	Fine	320	320	270.27-277.03	250	—	16.9	28.0
(2) Wheat	Bhatinda	Farm	150-157	150-160	147-157	130-135	−1.0	1.0	15.8
	Delhi	Deshi	210-240	210-230	170-180	155-190	2.3	28.6	30.4
	Rohtak	Dara	162-174	160-172	150-160	130-150	1.2	8.4	20.0
(3) Barley	Bhatinda	Average	100-110	100-105	105-111	90-102	2.4	−2.8	9.4
	Hapur	Average	120-125	115-122	135-140	135-140	3.4	−10.9	−10.9
(4) Jowar	Shrirampur	Average	180-205	190-230	160-170	115-140	−8.3	16.7	51.0
	Karnal	Average	124-136	130-145	130-140	112-119	−5.5	−3.7	12.6
(5) Bajra	Ahmedabad	Average	150-195	165-190	150-170	145-160	−2.8	7.8	13.1
	Shrirampur	Average	160-175	185-215	154-165	120-138	−16.3	5.0	29.8
(6) Maize	Hapur	Average	135-141	125-135	132-138	115-118	6.2	2.2	18.5
	Karnal	Average	149-159	148-164	133-150	110-116	−1.3	8.8	36.3
(7) Gram	Bombay	Deshi	255-260	300	325-335	230-240	−14.2	−22.0	9.6
	Hapur	Average	250-280	275-310	340-390	210-245	−9.4	−27.4	16.5
	Rohtak	Kabli	340-440	340-440	345-420	215-360	—	2.0	35.7
II. Fibres									
(1) Cotton	Bombay	Varalaxmi	1,589	1,701	1,863	1,870	−6.6	−14.7	−15.0
	Bombay	CJ—73	1,167	1,286	1,195	872	−9.3	−2.3	33.8
	Bombay	L—147 (A)	1,406	1,518	1,519	1,111	−7.4	−7.4	26.6
	Bombay	A—51—9	1,357	1,406	1,392	1,097	−3.5	−2.5	23.7
	Bombay	Bengal Deshi	1,125	1,139	851	717	−1.2	32.2	56.9
(2) Jute	Calcutta	W—5	240	240	217.50	206	—	10.3	16.5
III. Groundnut and its oil									
(1) Groundnut (Kernels)	Bombay	Karad Bold	544	575	565	439	−5.4	−3.7	23.9
	Kanpur	Average	540-550	555-690	620-750	470-650	−12.4	−20.4	−2.7
	Rajkot	Average	470	508.33	479.17	391.67	−7.5	−1.9	20.0
(2) Groundnut oil	Bombay	—	1,440.4	1,388.4	1,335	985	3.7	7.9	46.2
	Madras	—	1,270	1,335	1,300	1,030	−4.9	−2.3	23.3
	Rajkot	—	1,330	1,295	1,210	920	2.7	9.9	44.6
IV. Others									
(1) Sugar	Bombay	C—30	554-560	589-600	723-732	637-650	−6.3	−23.4	−13.4
	Hapur	—	540575	560-590	700-730	520-560	−3.0	−22.0	3.2
(2) Khandsari	Hapur	Average	380-385	300-410	480-540	400-420	−4.3	−34.3	−18.3
	Delhi	Deshi	300-370	330-370	505-575	450-490	−4.3	−38.0	−28.7
(3) Gur	Hapur	Dhaia Superior	150-152	165-170	248-252	215-218	−9.9	−39.6	−30.3
(4) Tea	Bombay	Average	2,400	2,400	2,400	2,290	—	—	4.8

Hercules Hoists Limited

NOTICE

It is hereby notified for the information of the public that Hercules Hoists Ltd, proposes to make an application to the Central Government in the department of Company Affairs, New Delhi under sub-section (2) of Section-22 of the Monopolies and Restrictive Trade Practices Act, 1969 for approval for the establishment of a new undertaking for the production, supply, distribution and control of:

Items of Manufacture	Capacity
Chain Pulley Blocks	5000 per annum
Travelling Trolleys	1400 per annum

Other particulars of the proposed new undertaking are as under:

i) Name of the proposed undertaking	: The proposed undertaking will be a part of Hercules Hoists Ltd.
ii) Name of persons proposing to establish the new undertaking. Where it is a body corporate furnish details of its management structure together with those of the proposed undertaking	: Hercules Hoists Ltd — The Board of Directors consists of: 1. Shri Ramkrishna Bajaj *Chairman* 2. Shri Purshottamdas Jhunjhunwala 3. Shri K. C. Uebel 4. Shri E. B. Desai 5. Shri Naresh Chandra 6. Shri H. A. Nevatia *Mg. Director* 7. Shri M.P. Bharucha (alternate to Shri K .C. Uebel)
iii) Capital structure of the applicant undertaking and of the proposed undertaking	: Authorised Capital Rs 30 Lacs : Subscribed Capital Rs 30 Lacs
iv) Proposed location of the new undertaking	: Shegaon, a backward area in Dist. : Buldana, State of Maharashtra.
v) Brief outline of the cost of the project, the scheme and source of finance	: The cost of the project is approximately Rs 50 Lacs. The project will be financed by purchases under IDBI deferred payment facility of suppliers, sales-tax loan from State Govt. borrowings from bank and internal accruals.

Note: In view of the limitations of space and otherwise, Company has not been able to establish its full capacity at existing location. Hence it now proposes to install certain capacity at the new site so that installed capacity can reach the level of licenced capacity.

Any person interested in the matter may make a representation to the Secretary, Deptt. of Company Affairs, Govt. of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this notice intimating his views on the proposal and indicating the nature of his interest therein.

Date: 27.3.82

H. A. NEVATIA
Managing Director

Registered Office:
Lal Bahadur Shastri Marg,
Mulund, Bombay 400 080.

FORM I—A

(See Rule 4A (1))

Form of general notice to be given to the members of the public before a Notice to the Central Government under sub-section (1) of Section 21 of the Monopolies and Restrictive Trade Practices Act, 1969.

NOTICE

It is hereby notified for the information of the public that BIMETAL BEARINGS LIMITED, proposes to give to the Central Government in the Department of Company Affairs, New Delhi, a notice under sub-section (1) of Section 21 of the Monopolies and Restrictive Trade Practices Act, 1969, for substantial expansion of its activities at its Strip Mill Plant, Madras. Brief particulars of the proposal are as under:

i) Name of person/body corporate owning the undertaking	: BIMETAL BEARINGS LIMITED
ii) Capital Structure of applicant undertaking	: Authorised Capital 20,00,000 equity shares of Rs 10/- each Rs 2,00,00,000 Issued, subscribed & paid up capital 19,12,500 equity shares of Rs 10/- each Rs 1,91,25,000

iii) Details of the proposed substantial expansion:

a) Names of new goods to be produced, supplied controlled or distributed or of new services to be rendered	: Alloy Powder for captive consumption in our Strip Mill Plant at "Huzur Gardens", Sembiam, Madras-600 011 Capacity of Alloy Powder Plant 600 M/T per annum Project cost would be approximately Rs 220 lakhs and would be financed by internal accruals.

b) In the case of substantial expansion of existing activities:

i) Name of goods ii) Capacity before expansion iii) Expansion proposed iv) Location of the Project for substantial expansion v) Brief outline of the cost of the project, the scheme and sources of finance.	NOT APPLICABLE

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

For BIMETAL BEARINGS LIMITED

M. V. SWAMINATHAN
Secretary

Dated this 22nd day of March, 1982.

EASTERN INDIA TODAY

Centre's no for atomic power station

rom P.C. MAHANTI

CALCUTTA

THE Centre's denial of an atomic power station to the eastern region n the ground that the region is more uited to thermal power because of the ast coal reserves would have carried reater conviction if the region was not o desperately short of power. The hermal power station, including those ot so old and some quite new, are not erforming well. The units at Santaldih nd Bandel power stations in West Bengal re perhaps giving more trouble than ome of the older units of the Calcutta Electric Supply Corporation or the DVC. No clear explanation of the erratic performance of generating units at Santaldih or Bandel has yet come forth. Often it is bad or poor quality coal, often it is sabotage by disgruntled elements or poor maintenence standards or downright indiscipline. As all the causes are curable or capable of being brought under control, one fails to understand why the authorities have not tackled the delinquent elements or removed the causes by firm administrative action. Eventually nothing has been done and West Bengal remains very much where it was five years ago.

Ageing thermal plants

The thermal power plants, most of which are 20 to 25 years old and are really ageing have not been receiving proper attention or been overhauled regularly. These plants have been giving trouble. It cannot be the intention of the authorities to neglect repair, maintenance or overhaul needs of the power plants, but just because of the pressure of rising demand which forces them to overwork the plants, the vital need of keeping the plants in good order is being overlooked. That underscores the point that there is not enough standby capacity to take care of demand when one or other of the plants are being shut down for repairs.

As with thermal, so with hydroelectric energy. It is possible to be selfsufficient in power requirements on paper or even have a little surplus just as Orissa has, but hydroelectric stations cannot be depended upon for stable generation in the way an atomic power station can be. Not only has Orissa to cut power supply by 60 per cent, which at this moment has been having a crippling effect on its major and medium industries, but is unable to utilise the capacity of its thermal power stations at Talcher to any satisfactory extent, as that power station itself is getting a small part of its electricity needs to run its generating equipment round the clock.

Much is being made of the hydroelectric potential of the north east region, but there must be some standby arrangements in years of drought when it will not be possible to produce enough hydroelectricity. The lesson of Orissa reinforces the case for power generation in the region through some other method as well. A thermal power station as a standby does not appear to be a good proposition since it seems to be an undependable source of energy. We have the example of Patratu and Barauni thermal stations in Bihar—not very old plants — which currently are generating electricity to a fraction of what they are designed to do and a very large industrial area in south Bihar, including Ranchi, has been badly suffering for some time. Small, medium and big industries, including the very important Heavy Engineering Corporation, have been practically crippled. If there was an atomic power station as part of the region's total power system and there was a regional grid linking one State with another the damages resulting from power shortages would be much less serious.

Varied mix

As chambers of commerce have estimated, for every 1mw of shortfall of power per year, at least Rs 6 crores worth of production is lost. So, in West Bengal, where the shortfall averages 150mw annually, one can well imagine the loss in industrial production. In Bihar, too, the deficit is 100mw to 150 mw, and this could increase if the affairs of the Patratu and Barauni power stations are not set right. If some trade unions are exploiting the situation for their own sectional or nefarious ends, they are doing so because of the chronic power shortage. As experience goes, thermal or hydroelectric stations do not hold the complete answer to the power problem in the eastern region. The mix has to be more varied and an atomic power station seems to be a very desirable addition. There should, of course, be a regional power grid for a more balanced distribution of electricity.

Without ensuring enough electric power supply, it is unfair to complain that the eastern region is lagging behind the western or the southern region in industrial growth because of its own deficiencies. Entrepreneurial talent or bussiness acumen is not the preserve of any particular region. A district industries centre in Assam has found enough entrepreneurial talent to launch a wide variety of small industries. With the same painstaking effort and a better environment for business growth, there is no reason why right people in the other parts of the region cannot be similarly motivated.

Coming back to West Bengal's example again, if no major industrial venture worth the name has come up during the past five years or even during the past decade despite the substantial external economies and the large market which exist, it is because of the acute power crisis that has been scaring entrepreneurs away. Who is going to invest in costly machinery and equipment and set up expensive overheads when lack of power could render everything infractuous? Considering the output losses that are already being suffered and the opportunities being lost due to poor investment, the Central Government, it is felt, ought to review its stand on the location of atomic power projects in the country. It is true that Gujarat and Uttar Pradesh do not possess adequate coal resources and atomic power stations ought to be located in these two States to take care of the rising industrial demand, but, for reasons explained above, the eastern region, which has so many strategic industries and whose potential for industrial development is truly vast, ought to get one atomic power station preferably in West Bengal.

BOOKS & IDEAS

Production management simplified

Production Management

By Lallan Prasad and A. M. Bannerjee

Sterling Publisher Private Ltd, AB/9, Safdarjang Enclave, New Delhi 110 029; Pages 256; Price Rs. 75

In this most lucidly written text book, a noteworthy achievement of the authors is that they have succeeded in minimising technical jargon to a great extent, thus enabling even general readers apart from the students of management studies, to follow the concept of production management.

The learned authors—Dr. Lallan Prasad, the seasoned management expert and Mr. Bannerjee, a chartered engineer and manager of proven abilities—have not claimed originality of any thought. They have simplified mathematical and statistical terms to a greater extent and with the help of 'situation analysis' (case studies) explained in a general way various facets of production management like corporate-management, planning for a new plant and production, maintenance of the plant and its repairs, materials management and control, quality assurance, industrial engineering techniques and the costs.

The discussion on various points is to the point and the authors have shown exemplary skill in consolidating numerous details in small paragraphs without sacrificing any significant point. Questions have been appended at the end of each chapter to increase the utility of the book for students. Besides, charts and diagrams make the work easily graspable.

The authors have done an excellent job in citing some of the well-known definitions and opinions. But it would have been desirable to quote the sources of such references. Again, had they incorporated examples of some other industries in addition to the steel industry, both in explaining the important points in the text and in 'situation analysis', not only the book would have been enriched to that extent, but the reader too would not have felt bored to read the illustrations of the same industry repeatedly. Maybe authors too have had their limitations.

This apart, the book is a welcome addition to the management literature and not only the students of managemen will find it useful, but even the genera reader will be benefited by it.

H. C. Upadhya

Small loans guarantee scheme

Principles & Procedures of Claim Settlement in D.I. & C.G.C.I.

By S. C. Sharma and S. N. Patodiya

Banker's Book Publishing House, 88, Indra Colony, Bani Park, Jaipur-302 006; Pages: 104; Price: Rs. 35 -

The Small Loans Guarantee Scheme 1971, was introduced in commercial banks and several changes have taken place in the scheme thereafter from time to time. All bankers should be aware of the scheme with all the modifications and changes incorporated therein, when they have to submit claim settlement forms. The importance of the book under review is enhanced by the fact that this is the first publication to be brought out on the subject in a simple language, incorporating all the fragmented and scattered information in a compact manner. It is a valuable publication on the principles and procedures of claim settlements.

Written by Mr. S.C. Sharma and Mr. S.N. Patodiya, both experts in the field of banking, this work is a combination of their academic and practical banking experiences. The publication is divided into three separate sections. Part-I clearly elucidates various provisions of the Small Loan Guarantee Scheme 1971, of the Credit Guarantee Corporation of India, with up-to-date modifications and interpretations of various clauses. Part-II brings out the practical aspects of claim settlement procedure, throwing light on the facilities available for filling claim forms alongwith the requisite annexures. All available information on the scheme is presented in a systematic manner. The entire set of forms to be submitted by the credit institution to the corporation, has been discussed at great length and practical suggestions are given for simplifying the entire procedures.

Part-III has carried various case studies of the different types of borrowers, which provide interesting reading. The case studies in the form of annexures given at the end to highlight the practica aspects of the scheme.

The scheme, which was originall applicable only to scheduled commercia banks, is now applicable to non-schedule commercial banks and regional rura banks as well. The scheme provide bul guarantee coverage in respect of all loan and advances covered under the scheme and is operated by Deposit Insuranc and Credit Guarantee Corporation o India Ltd. (D.I. & C.G.C.I.).

After discussing the scope and exten of credit facilities granted by the corporation, details regarding general provision pertaining to credit facilities and th agreement to be executed by the credi institutions are analysed. The author have devoted certain sections of the boo in discussing separately special provision in relation to credit facilities to borrower in various sectors like transport vehicles ail traders and traders engaged in tilisers and mineral oils, professionals d self-employeds, business enterprises, rmers and agriculturists and borrowers der differential interest rate scheme. edit facilities for consumption needs d for purchase/construction of houses tenements, have also been taken up parately for consideration.

They have discussed both the claims respect of the same borrower for more an one institution as well as invocation guarantee in respect of various activits on account of any borrower, *i.e.* main ctivity as well as subsidiary activities r augementing income and improving e econom c conditions. Separate prosions are discussed in detail when the rporation is deemed to have discharged l its liabilities on account of any iarantee-in-force in respect of the orrower.

Further, light is also thrown on the rporation's subrogation of rights of redit institutions and recoveries on ccount of claims paid. Without the eneral or special approval in writing of the corporation, losses shall not be written off in the books of credit institutions. Various instances when corporation's liability, is likely to be terminated have also been examined.

This valuable book is a welcome guide to all credit and financial institutions and a source of information to operating managers, managers in charge of advance and is a fountain of knowledge to training centres and colleges of commercial banks.

Raghu

BOOKS RECEIVED

Development of Airbone Equipment to Intensify World Production by United Nations, published by United Nations, Sales Section, New York, on Geneva, pages 218, price $US 16

Everybody Can Get a Job — How to get One and Make a Success Out of It By G. Vee published by IBH publishing Company, 412-413, Tulsiani Chambers, 212, Backbay Reclamation, Nariman Point, Bombay 400 021, pages 228, price Rs 30

Sankara's Concept of Reality by Motilal Pandit, published by Select Book Publishers and Distributors, 105, Savitri Building, Greater Kailash II, New Delhi 110 048, pages 96, price Rs 45

Report of The Millowners' Association for the year 1980, published by The Millowners' Association, Bombay 400 001, pages 434, price nor mentioned

Peasant-Worker Alliance : Its Basis in the Indian Economy by V.M. Dandekar, published by Centre for Studies in Social Sciences, Calcutta, Susanta Ghosh, Registrar, Centre for Studies in Social Sciences, 10, Lake Terraces, Calcutta 700 029, price Rs 28, pages 103

Black Pudden Republic by Ken Bell published by Frank Graham, 6, Queen's Terrace, New Castle Opon Tyne 2, UK, price £7.50, pages 358

The IMF Loan and India's Economic Future by P.R. Brahmananda, published by Himalaya Publishing House, Ramdoot, Dr Bhalerao Marg, Girgaon, Bombay-400 004, pages 95, price Rs 10.

Built to run on.
So you don't get run down.

- Sturdy motor for longer life, noiseless performance.
- Dynamically balanced blades for optimum air displacement.
- Heavy duty industrial model for factories.
- Light duty models for households.
- Elegant, streamlined looks.

bajaj Exhaust Fans

Heros' BE-597

STATE BANK OF BIKANER AND JAIPUR

(ASSOCIATE OF THE STATE BANK OF INDIA)

Incorporated in India under special statute. The liability of the members is limited.

BALANCE SHEET OF THE STATE BANK OF BIKANER AND JAIPUR AS AT 31st DECEMBER 1981

As at 31-12-1980	CAPITAL AND LIABILITIES	As at 31st December 1981	
Rs.		Rs. P.	Rs. P.
	1. Capital		
	AUTHORISED CAPITAL:		
1,00,00,000	1,00,000 shares of Rs 100 each...	1,00,00,000.00	
	ISSUED CAPITAL:		
80,00,000	80,000 shares of Rs 100 each ..	80,00,000.00	
	SUBSCRIBED AND PAID-UP CAPITAL:		
79,95,000	79,950 shares of Rs 100 each fully paid-up		79,95,000.00
	2. Reserve fund and other reserves:		
1,37,00,000	As per last Balance Sheet	1,56,00,000.00	
19,00,000	*Add:* Amount transferred from profit for the current year ..	19,00,000.00	
24,10,237	Special Development Fund as per last Balance Sheet	30,70,183.00	
6,59,946	Additions during the year	5,73,866.00	
1,86,70,183			2,11,44,049.00
	3. Deposits and Other Accounts:		
	Fixed Deposits (including Employees' Security Deposits)		
49,51,000	(i) from Banks	48,29,500.00	
2,22,50,12,895	(ii) from others	2,72,30,84,907.16	
1,10,41,10,097	Savings Bank Deposits	1,30,78,24,093.28	
	Current Accounts, Contingency Accounts, etc.		
18,88,85,189	(i) from Banks	22,25,18,425.00	
82,20,00,176	(ii) from others	1,01,90,92,614.24	
4,34,49,59,357			5,27,73,49,539.68
	4. Borrowings from Other Banking Companies, Agents, etc.:		
20,54,30,513	(i) In India	23,00,42,327.34	
NIL	(ii) Outside India	NIL	
20,54,30,513			23,00,42,327.34
	PARTICULARS:		
14,29,87,686	(i) Secured by investments and other securities assigned for refinance		
6,24,42,827	(ii) Unsecured	15,46,32,157.12	
		7,54,10,170.22	
6,70,95,881	**5. Bills Payable**		6,69,50,619.43
	6. Bills for Collection being Bills Receivable as per contra:		
74,21,91,584	(i) Payable in India	51,96,66,241.78	35,58,91,454.35
3,07,01,479	(ii) Payable outside India	3,15,54,765.83	
77,28,93,063			71,75,825.20
	7. Other Liabilities:		
1,42,147	(i) Unclaimed Dividends	1,49,544.96	
8,00,000	(ii) Dividend for the year	8,00,000.00	
1,17,41,758	(iii) Rebate on Bills Discounted ..	1,40,56,794.47	
31,41,37,988	(iv) Branch Adjustments	34,08,85,114.92	
32,68,21,893			
14,75,213	**8. Acceptances, Endorsements and Other Obligations per contra** .		55,12,21,007.61
	Carried forward ..		6,51,77,69,822.61

As at 31-12-1980	PROPERTY AND ASSETS	As at 31st December 1981	
Rs.		Rs. P.	Rs. P.
	1. Cash		
72,82,55,989	In hand, Reserve Bank, State Bank of India and Notified Banks (including foreign currency notes)		19,51,09,485.45
	2. Balance with Other Banks		
	On Current Account / **On Deposits**		
	(i) In India Nil Nil		
1,82,78,574	(ii) Outside India 5,60,86,971.24 Nil	5,60,86,971.24	
1,82,78,574			5,60,86,971.24
17,00,00,000	**3. Money at Call and Short Notice ...**		NIL
	4. Investments:		
	(At market value or at cost in case of unquoted)		
1,24,17,80,637	(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of Central and State Governments	1,43,89,29,137.55	
	(ii) Shares:		
NIL	(a) Fully paid-up Preference Shares	NIL	
6,68,000	(b) Fully paid-up Equity Shares	6,82,875.00	
NIL	(c) Partly paid-up Equity Shares	NIL	
36,66,200	(iii) Debentures or Bonds	46,17,590.00	
5,00,000	(iv) Other Investments	5,00,000.00	
NIL	(v) Gold	NIL	
1,24,66,14,837			1,44,47,29,602.55
	5. Advances:		
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	(i) Loans, Cash Credits, Overdrafts, etc.:		
1,95,81,67,298	(a) In India	2,57,30,99,388.27	
NIL	(b) Outside India	NIL	
	(ii) Bills Discounted and Purchased		
58,34,00,782	(a) Payable in India	66,19,89,767.61	
4,45,92,597	(b) Payable outside India ..	6,33,63,928.99	
2,58,61,60,677			3,29,84,53,084.87
	PARTICULARS OF ADVANCES		
4,74,93,10,077	Separate statement appended ..		
	6. Bills Receivable being Bills for Collection as per contra:		
74,21,91,584	(i) Payable in India	51,96,66,241.78	
3,07,01,479	(ii) Payable outside India	3,15,54,765.83	
77,28,93,063			55,12,21,007.61
14,75,213	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra**		71,75,825.20
	8. Premises		
1,49,86,109	Original cost as on 1.1.81	1,65,86,253.15	
16,00,144	Additions during the year	11,55,569.89	
1,65,86,253		1,77,41,823.04	
NIL	*Less:* Deductions during the year	9,402.75	
1,65,86,253		1,77,32,420.29	
16,61,893	*Less:* Depreciation written off to date	23,28,114.57	
1,49,24,360			1,54,04,305.72
	Carried forward		6,26,81,80,282.64

STATE BANK OF BIKANER AND JAIPUR

BALANCE SHEET OF THE STATE BANK OF BIKANER AND JAIPUR AS AT 31st DECEMBER 1981-contd.

As at 31-12-1980 Rs.	CAPITAL AND LIABILITIES	As at 31st December 1981 Rs. P.	 Rs. P.
	Brought forward		6,51,77,69,822.61
	9. Profit and Loss Account:		
1,466	Balance of Profit as per last Balance Sheet	1,504.98	
27,00,039	Profit for the year ended 31st December, 1981	27,00,960.72	
27,01,505		27,02,465.70	
	Less: Appropriations:		
8,00,000	(a) Amount set aside for payment of dividend	8,00,000.00	
19,00,000	(b) Transferred to Reserve Fund ..	19,00,000.00	
1,505			2,465.70
	10. Contingent Liabilities:		
8,51,212	(i) Claims against the Bank not acknowledged as debts ..	19,02,809.52	
8,13,55,148	(ii) Outstanding forward exchange contracts	21,97,99,284.12	
NIL	(iii) On partly paid-up shares ..	NIL	
NIL	(iv) Guarantees given on behalf of Directors or Officers of the Bank	NIL	
6,01,42,676	(v) Guarantees given on behalf of others	61,92,12,608.77	
4,53,42,608	TOTAL ..		6,51,77,72,288.31

As at 31-12-1980 Rs.	PROPERTY AND ASSETS	As at 31st December 1981 Rs. P.	 Rs. P
	Brought forward		6,26,81,80,282.64
	9. Furniture, Fixtures and Vehicles:		
3,21,08,601	At cost as on 1-1-81	4,57,87,356.06	
1,38,11,956	Additions during the year	98,34,836.12	
4,59,20,557		5,56,22,192.18	
1,33,202	*Less*: Deductions during the year	1,44,190.01	
4,57,87,355		5,54,78,002.17	
2,62,72,839	*Less*: Depreciation written off to date	3,23,55,373.23	
1,95,14,516			2,31,22,628.94
	10. Other Assets		
8,19,44,128	(i) Prepaid expenses and other amounts receivable or adjustable	7,15,20,767.21	
2,02,75,030	(ii) Interest accrued on Investments	2,56,97,611.59	
1,18,11,960	(iii) Stationery and Stamps on hand	1,51,37,265.81	
7,31,94,261	(iv) Advance tax payment and tax deducted at source	11,41,13,732.12	
18,72,25,379			22,64,69,376.73
	11. Non-Banking Assets Acquired in Satisfaction of Claims:		
NIL	(At cost)		NIL
5,74,53,42,608	TOTAL ..		6,51,77,72,288.31

OTE: The reconciliation/adjustment in respect of accounts with the State Bank of India and of inter-branch accounts is in progress and is subject to rification by the auditors.

As at 31st December 1980 Rs.	PARTICULARS OF ADVANCES	As at 31st December 1981 Rs. P.
2,33,72,97,355	(i) Debts considered good in respect of which the Bank is fully secured	2,84,77,99,601.22
9,68,54,036	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security ..	13,03,99,786.07
15,20,09,286	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	32,02,53,697.58
NIL	(iv) Debts considered doubtful or bad, not provided for ..	NIL
2,58,61,60,677	TOTAL ..	3,29,84,53,084.87
88,25,507	(v) Debts due by Directors or Officers of the Bank or any of them either severally or jointly with any other persons	1,40,36,016.25
NIL	(vi) Debts due by companies or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of private companies, as members (Please see separate statement attached)	NIL
1,37,61,940	(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Officers of the Bank or any of them either severally or jointly with any other persons ..	1,70,14,106.97
NIL	(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of private companies, as members ..	NIL
2,61,106	(ix) Due from Banking Companies	14,89,024.98

Statement giving an analysis of sub-head (vi) of Particulars of Advances being debts due by companies or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of private companies, as members

DEBTS DUE BY:	As at 31st December 1981 Rs. P.	 Rs. P.
I. Public Companies		
In which the Directors of the Bank are interested		
(a) As Directors (holding no shares)		NIL
(b) As Directors and Members		
(i) Holding not more than 2 per cent of the paid-up Share Capital	NIL	
(ii) Holding more than 2 per cent of the paid-up Share Capital ..	NIL	NIL
(c) (i) As Managing Agents personally	NIL	
(ii) As Partners in Managing Agency Firms	NIL	
(iii) As Directors/Members of Managing Agents	NIL	NIL
II. Private Companies		
In which the Directors of the Bank are interested		
(a) As Directors only (holding no shares)		NIL
(b) As Directors and Members		
(i) Holding not more than 2 per cent of the paid-up Share Capital	NIL	
(ii) Holding more than 2 per cent of the paid-up Share Capital ..	NIL	NIL
(c) As Members only		
(i) Holding not more than 2 per cent of the paid-up Share Capital	NIL	
(ii) Holding more than 2 per cent of the paid-up Share Capital ..	NIL	NIL
(d) (i) As Managing Agents personally	NIL	
(ii) As Partners in Managing Agency Firms	NIL	
(iii) As Directors/Members of Managing Agents	NIL	NIL
III. Firms		
In which the Directors of Bank are interested as Partners		NIL
TOTAL ..		NIL

We have checked the above analysis with the records of the Bank and with the certificates furnished by each of the Directors of the Bank regarding their respective percentages of holdings in the paid-up Share Capital of the borrowing companies and have found it to be correctly made up.

For **M. L. SHARMA & CO.**
Chartered Accountants

S. K. VASISHTHA
Partner

Jaipur,
February 18, 1982.

STATE BANK OF BIKANER AND JAIPUR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1981

Year ended 31st December 1980	EXPENDITURE	Year ended 31st December 1981
Rs.		Rs. P.
24,73,08,078	1. Interest paid on Deposits, Borrowings, etc.	30,32,53,972.04
16,10,27,086	2. Salaries, Allowances, Provident Fund and Gratuity ..	18,16,60,096.43
95,436	3. Directors' Fees and Allowances	1,25,938.35
1,07,25,102	4. Rent, Taxes, Insurance, Lighting, etc...	1,32,03,849.07
9,71,773	5. Law Charges	21,17,663.37
65,10,003	6. Postage, Telegrams and Stamps	71,46,173.88
13,000	7. Auditors' Fees	18,000.00
60,43,537	8. Depreciation on and Repairs to the Bank's Property ..	78,89,790.21
67,82,027	9. Stationery, Printing, Advertisement, etc.	73,05,240.80*
NIL	10. Loss from sale of or dealing with Non-Banking Assets ..	NIL
1,52,16,412	11. Other Expenditure	1,97,70,536.23
27,00,039	12. Balance of Profit	27,00,960.72
45,73,92,493	TOTAL ..	54,51,92,221.10

Particulars of remuneration to the Managing Director

31-12-1980* Rs.		31-12-1981 Rs. P.
47,294	i) Salaries and Allowances ..	69,725.40**
13,502	ii) Contribution to Provident Fund, Pension Fund and Leave Salary	14,952.96
NIL	iii) Payments by way of gratuities, pensions or otherwise, in excess of the employer's contribution and interest thereon	NIL
NIL	vi) The monetary value of any other benefits or perquisites	NIL

* Figures of the previous year have been altered to show the correct figures.

** Includes Rs. 18,600.00 pertaining to earlier years.

Year ended 31st December 1980	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Year ended 31st December 1981
Rs.		Rs. P.
38,69,71,214	1. Interest and Discount	46,93,68,950.83
7,01,81,455	2. Commission, Exchange and Brokerage	7,57,24,324.27
NIL	3. Rents	NIL
2,39,824	4. Net Profit on sale of Investments, Gold and Silver, Land, Premises and other Assets (not credited to Reserves or any particular Fund or Account)	98,946.00
NIL	5. Net Profit on revaluation of Investments, Gold and Silver, Land, Premises and other Assets (not credited to Reserves or any particular Fund or Account)	NIL
NIL	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	NIL
NIL	7. Other receipts-Subsidy from the State Bank of India in terms of Section 48 of the State Bank of India (Subsidiary Banks) Act, 1959 other than amounts received specifically towards Special Development Fund ..	NIL
45,73,92,493	TOTAL ..	54,51,92,221.10

* A sum of Rs 3,41,839.12 was spent on public relations and publicity during the year.

P. S. MATHUR
Manager Finance & Accounts

A. S. PURI
Managing Director

P. C. D. NAMBIAR
Chairman

D. R. MEHTA
T. C. MITLA
M. B. DESHMUKH
RAJINDER KUMAR
S. K. JAIN
LT. GEN. SAGAT SINGH
R. A. RANA
S. M. DADHICH
B. L. LAKHOTIA
Directors

STATE BANK OF BIKANER AND JAIPUR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1981

REPORT OF THE AUDITORS

The Directors report that, usual and necessary provisions having been made, the net profit of the Bank for the year ended the 31st December, 1981 amounted to Rs 27,00,960.72 which, with Rs 1,504.98 brought forward from last year, makes a total of Rs 27,02,465.70

1980 Rs. P.		1981 Rs. P.
	This sum, the Directors of the Bank have disposed of as follows:	
8,00,000.00	Dividend to the Shareholders at the rate of 10 per cent (subject to deduction of Tax)	8,00,000.00
19,00,000.00	Transferred to Reserve Fund	19,00,000.00
1,505.00	Balance carried forward to the Profit and Loss Account ..	2,465.70
27,01,505.00	TOTAL ..	27,02,465.70

APPROPRIATION OF PROFITS

TO THE STATE BANK OF INDIA

We, the undersigned auditors of the State Bank of Bikaner and Jaipur, appointed under Section 41(1) of the State Bank of India (Subsidiary Banks) Act, 1959 report on the Balance Sheet and Accounts of the Bank as at 31st December, 1981.

We have examined the foregoing Balance Sheet of the State Bank of Bikaner and Jaipur as at 31st December, 1981 and the Profit and Loss Account of the Bank for the year ended upon that date with the Accounts relating thereto of Head Office and with the returns submitted and certified by the Branch Managers, which Returns have been incorporated in the foregoing Balance Sheet and Accounts.

We report that:

(i) in our opinion the Balance Sheet is a full and fair one, containing all the necessary particulars and is properly drawn up so as to exhibit a true and fair view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank;

(ii) where we have called for any explanation or information, such explanation and information have been given to us and have been found satisfactory;

(iii) the transactions of the Bank which have come to our notice have been within the competence of the Bank;

(iv) the Returns received from the Branches of the Bank have been found adequate for the purpose of our audit;

(v) the Profit and Loss Account shows a true balance of profit for the year covered by such Account;

(vi) in our opinion the Balance Sheet and Profit and Loss Account are drawn up in conformity with the law; and

(vii) in our opinion Books of Account have been kept by the Bank as required by law.

For M. L. SHARMA & CO.
Chartered Accountants
S. K. VASISHTHA
Partner

JAIPUR
February 18, 1982

Market Gossip

More concessions for banks?

THE Reserve Bank has at last acted not to further complicate, if not ease, the financial stringency from which commercial banks are suffering and as a result of which these institutions are finding it difficult to meet their obligations under statutory liquidity ratio (SLR) and cash reserve ratio (CRR). It has now decided that the cash reserve ratio should not be raised from the present level of 7.75 per cent to eight per cent on April 30. This will mean that a little over Rs 100 crores will not be immobilised and the banking system will be free to lend the amount to industry and trade. Financial circles have also noted that the Reserve Bank recently permitted banks to raise their credit limits to the sugar industry by 25 per cent and announced a refinance facility up to Rs 80 crores for banks against credit provided by them to farmers for purchase of tractors. The central bank has also indicated to commercial banks that it would be willing to consider their difficulties in financing of commercial vehicles industry or exports.

All this has given rise to hopes that further concessions may be forthcoming and the credit policy might be somewhat relaxed. Attention is now focussed on the meeting of Reserve Bank with chief executives of banks in the first or second week of April and were it is hoped the Governor of the Reserve Bank will announce some concessions. It is also being argued in some financial circles that there are no immediate conditions in regard to money supply or liquidity imposed by the IMF loan subsequent to March 1982 which the Government would have to observe. In a memorandum attached to the Finance Minister's letter to the Fund's Managing Director the total domestic credit expansion was limited to a 19.4 per cent growth in 1981-82 and the limit accepted for the growth of the "total liquidity" was about 15.7 per cent in 1981-82. Money supply during 1981-82 so far, that is, between March 27, 1981 and February 26, 1982 has expanded by Rs 6,239 crores or by 11.3 per cent. We are within the limits set by the IMF and it is being argued the Reserve Bank could afford to relax somewhat the tight money policy.

Weaker rupee

Foreign observers have noted that the rupee has been weakening against the US dollar, and they expect that the situation would continue. For instance, *Business Asia,* widely read among businessmen, points out that the Indian currency gradually weakened in 1981 against the US dollar, although in trade-weighted terms that downward drift was on a much more modest scale of about two per cent. Since the beginning of 1982, the US dollar has gained considerably against the rupee, according to this journal, and by end-February 1982 the rupee had weakened to Rs 9.35 per dollar. It anticipates that the growing balance of payments deficit will lead to a gradual weakening of the rupee and the Government will keep the rupee low in an attempt to improve the export competitiveness of its manufactures, especially engineering items. It forecast an exchange rate of Rs 9.50 per US dollar or even as low as Rs 10.5 per US dollar by the end of 1982.

This is about the official market. In the unofficial market, dollar has become scarce and commands currently as high a rate as Rs 12.50 against only Rs 10.70 in January. In the unofficial market the dollar is sought mainly by smugglers and to a certain extent by the tourists and some Indians going abroad.

Stainless steel being dumped

FOR some time past indigenous stainless steel wire manufacturers have had to face rough weather due to the dumping of goods by South Korea and Japan on the Indian market, thanks to the country's import policy. This tragic situation has arisen because of lower import duty on wires and higher duty on imported wire rods. Consequently, capacity utilisation of Indian wire units has come down to a very low level and they are unable to make both ends meet.

The import duty on s s wire rods, a raw material, is 85 per cent as against 50 per cent on stainless steel wire, a finished product. This disparity in import duty has put the indigenous manufacturers of stainless steel wires in a dilemma as they cannot compete with the low-duty-paid imported wires, their products being made from costlier imported wire rods. Thus, a large investment in indigenous industry is blocked, without bringing any reasonable returns.

The Steel Wire Manufacturers' Association of India has taken up the matter with the concerned authorities and suggested that import duty on stainless steel wire rods should be reduced to 45 per cent and the import duty on finished stainless steel wires increased to 80 per cent so that stainless steel wire manufacturing industry in India survives the present crisis. While the authorities realise the anomaly, nothing is being done to set it right.

There is no need to import stainless steel wires. What is required is a total ban on imports. Since the industry is still in its infancy and is highly capital-oriented, it requires total protection at the hands of policy-makers. According to industry sources, local demand of about 3,000 tonnes can be easily met by the indigenous industry, whose installed capacity is nearly 5,000 tonnes. However, the country imported nearly 900 tonnes of stainless steel wires in 1980-81 because of the liberal import policy.

COMMODITIES

otton declines

Bombay, March 22

There was a further extension of e declining trend in cotton prices ring the last fortnight. The connuance of the textile strike in the y mills had a debilitating effect on tton as prices crashed with the steep op in mill offtake.

There are no signs of any settlement the strike on account of the stiffning of their postures by the parties the dispute. The State Government as reiterated its stand that no disussion would be possible before ormal working is restored. The ombay Millowners' Association has ade it quite clear that it will hold lks only with the recognised union. he Centre, of course, has declared s political will to deal with the strike tuation with a firm hand.

With each day passing without any ettlement in sight, the labour situation ould well become intractable. The onger the strike lasts, the greater will e the difficulty for the majority of mills to resume operations.

With the poor offtake of cotton by oth the Cotton Corporation of India and the Maharashtra State Co-operative Marketing Federation, there will be a further fall in cotton prices in the weeks ahead.

The following has been the price trend of some of the leading cotton varieties:

	(Rs per candy)	
	March 19	**March 5**
Kalyan	3400-3425	3525-3550
Saurashtra CO2	3450-3600	3875-4000
Sankar 4	4600-5050	4650-5050
MP Y1	3900-4100	4000-4100
MP Varalaxmi	4050-4300	4500
MCU 5 Guntur	4760-4900	4800-4950
Maharashtra H4	4800-4850	4900-4950
MP A5 1/9	4100-4250	
CJ 73	3000-3250	

Oilseeds : Castor oil better

Bombay, March 22

Castor oil turned suddenly better in the oilseeds market during the week on inquiry from State Trading Corporation. Castor commercial oil moved up by Rs 1.50 to Rs 66.25 and castor BSS oil by a rupee to Rs 71.25 per 10 kg. Castorseed also looked up on the same reason with Madras small and Kanpurboldedging up by Rs 2 each to Rs 296 and Rs 286 per 100 kg.

Groundnut and its oil lost further ground on discouraging advice from Rajkot and South while sellers were active. Groundnut Karad bold, Saurashtra bold and Saurashtra quality dropped further by Rs 5 each to Rs 530, Rs 535 and Rs 535 respectively per 100 kg. Its oil yielded further Rs 2.60 at Rs 129.22 per 10 kg.

Most of the imported oils indicated an uptrend on account of limited fresh arrival. Palmoleine advanced by Rs 3.12 to Rs 131 and RBD by Rs 1.52 to Rs 117.52 per 10 kg. Soyabean, however, receded by Rs 1.56 to Rs 117 on lack of demand.

12% INTEREST P.A.

GET MORE THAN DOUBLE IN 6 YEARS

Invest in National Savings Certificates

Yes, here is a Scheme with sound security and high returns you have been waiting for — The 6-Year National Savings Certificates VI and VII Issues.

Attractive facilities under both Issues—

You can buy Certificates from all Post Offices. No limit on Investments. Nomination facility available. Indentity slip ensures easy encashment of Certificates anywhere in India.

Non-Residents can also purchase these Certificates through their Bankers.

Tax-free interest upto Rs. 3000 under Sec. 80-L of I.T. Act along with other securities. In VI Issue, interest is shown on annual accrual basis for tax purpose.

VI Issue

You want to double your money fast? Here is our guarantee. Invest in National Savings Certificates VI issue at 12% interest compounded half yearly-the highest ever interest rate and in just 6 years you will receive more than double the money you have invested.

VII Issue

Here is an unique opportunity to earn highest interest every six months at 12% per annum.

For details contact:

- Directorate of Small Savings.
  New Administrative Building,
  Bombay 400 032.
  Phone: 232537, 230290.
- Nearest Post Office.
- Authorised Agents of Small Savings.
- Asstt. Dir. of Small Savings.
  C/o Collector of District...

DGIP

DEPARTMENT OF ATOMIC ENERGY

Directorate of Purchase and Stores

On behalf of the President of India, the Director, Directorate of Purchase and Stores, Department of Atomic Energy, Bombay-400 001, invites tenders as detailed below :

1. DPS : BARC : EEQ : 5211 due on 1.4.82. 100 KV Capacitor Voltage Transformers, for Bhabha Atomic Research Centre, as per purchaser's specifications—2 Nos.

2. DPS : BARC : EEQ : 5218 due on 7.4.82. Supply, installation testing and commissioning of herizontal split casing centrifugal fan for Bhabha Atomic Research Centre.

3. DPS : BARC : FUR : 5559 due on 12.4.82. Safety Flow Fume Hoods provided with Exhaust Motor 230 V-50 H3 blower as per our tender specifications, 2 Nos.

4. DPS : BARC : PDS : EEQ : 31 due on 12.4.82. Manufacture, testing and supply of free standing, indoor, extensible skeleton type LT switchboard as per purchaser's specifications for Bhabha Atomic Research Centre.

5. DPS : STY : 1718 due on 13.4.82. Printing & supply of Envelopes in different sizes as per our specimen and tender specifications—10,82,225 Nos.

6. DPS : TAPS : TOOL : 517 due on 19.4.82. Ball thrust bearing—100 Nos.

7. DPS : NAPP : PPED : FAB : 129 due on 22.4.82. Preparation of shop drawing, fabrication, inspection, testing, guarantee and delivery at Narora Atomic Power Project Site of SS Dished Heads as per Purchaser's Tender document—2 Nos.

8. DPS : NAPP : PPED : FAB : 145 due on 23.4.82. Design preparation of shop drawings, manufacture, shop testing, inspection assembly, supply, crating and delivery of Filter Vessels and Filter Cartridge Support Assemblies for Narora Atomic Power Project as per Purchaser's Tender document.

9. DPS : NAPP : PPED : FAB : 168 due on 26.4.82. Fabrication and supply of Air Washer Plant as per Purchaser's Tender document—1 No.

10. DPS : BARC : PDS : 77 due on 26.4.82. Digital Storage Oscilloscope having vertical input DC 0 to 60 MHz Accuracy : +3%. —1 No.

11. DPS : NAPP : PPED : FAB : 171 due on 27.4.82. Preparation of shop drawing, supply of materials, fabrication, inspection, testing, shipment and guarantee of Carbon Steel and Stainless Steel Tanks as per Purchaser's Tender document—2 Nos.

12. DPS : BARC : EEQ : 5226 due on 27.4.82. High Current, low voltage stabilized power supply unit as per purchaser's specifications for Bhabha Atomic Research Centre.

13. DPS : HWP : FAB : 120 due on 28.4.82. Fabrication and supply of Forgings confirming to ASTM A 350 LF2 as per Purchaser's Tender document—160 Nos.

14. DPS : NAPP : PPED : FAB : 172 due on 28.4.82. Fabrication and supply of Morpholine feed Tanks and Hydrozine feed Tanks as per Purchaser's Tender document—4 Nos.

15. DPS : RRC : MTL : 482 due on 28.4.82. Austenitic Stainless steel forged rounds and hollow bars as per tender specifications —3 Nos

16. DPS : HWP : FAB : 121 due on 3.5.82. Design, detailing, fabrication, testing, inspection and supply of High Pressure Test Vessel and spares as per Purchaser's Tender document.

17. DPS : HWP : CAP : 629 due on 3.5.82. Sealant Pump handling D.M. water Cap. 2.7 tonnes/hr, at 30.0 kg/cm^{2}g—1 No. cap. 1.0 tonnes/hr. at 60.0 kg/cm^{2}g—5 Nos. as per purchaser's specifications.

18. DPS : TAPS : CAP : 126 due on 3.5.82. Heavy duty Centre Lathe Machine with standard accessories. Centre height : 450 mm., Centre distance : 5000 mm, Spindle bore : 110 mm—1 No.

19. DPS : NFC : GEN : 251 due on 4.5.82. Leather Safety Boots—6000 Pairs.

20. DPS : NAPP : PPED : FAB : 174 due on 4.5.82. Manufacture, inspection and supply of machined and zinc metalised external split shield as per Purchaser's Tender document—40 Nos.

21. DPS : BARC : FAB : 258 due on 4.5.82. Fabrication, inspection and supply of Wall Embedment Liners as per Purchaser's Tender document. Qty : 49 Nos.

22. DPS : MHD : FAB : 8 due on 5.5.82. Fabrication and supply of Water Cooled Stainless Steel Channels for ZINC System as per Purchaser's Tender document—1 No.

23. DPS : NAPP : PPED : FAB : 173 due on 5.5.82. Design, preparation of shop drawing, manufacture, testing, inspection supply, packing, guarantee and delivery to Narora Atomic Power Project Site of Ion Exchange Vessel as per Purchaser's Tender document.

24. DPS : PPED : FAB : 382 due on 6.5.82. Preparation of shop drawing, supply of material, fabrication, inspection, testing, delivery and guarantee of Stainless Steel Tanks as per Purchaser's Tender document—4 Nos.

25. DPS : R-5 : CAP : 145 due on 17.5.82. Design, delivery at site, supply, installation, testing and commissioning of Heavy Water Vapour Recovery Plant with all accessories and controls, Heater, Condenser, Piping etc. as per purchaser's tender document—1 No.

26. DPS : NAPP : PPED : CAP : 107 due on 18.5.82. Design, manufacture, inspection, shop testing, overload testing, supply, transportation and guarantee of motor operated monorail hoists-Rated Capacity—8 tonnes as per purchaser's tender document—5 Nos.

Import Licence will be provided only if the items are not available indigenously except items at Sl. No. 1 to 5, 7 to 14, 16, & 19 to 24.

Tender documents priced Rs. 10 each for items Nos. 1, 2, 10 & 12 Rs. 25 each for item Nos. 3, 4, 5, 6, 8, 11, 14, 15, 20, 24 & 26 Rs. 35 each for item Nos. 7, 9, 16, 19, 22 & 25 Rs. 50 each for item Nos. 17 & 21 Rs. 75 each for item Nos. 18 & 23 Rs. 100 each for item No. 13 and General conditions of contracts priced 50 Paisa except items at Sl. No. 7 to 9, 11, 13, 14, 16 and 20 to 24 can be had from the *Finance and Accounts Officer, Department of Atomic Energy, Directorate of Purchase and Stores, 3rd Floor, Mohatta Building, Palton Road, Bombay-400 001* between 10 a.m. and 1 p.m. on any working day (except on Saturday). Tenders will be received upto 3 p.m. on the due date shown above and will be opened at 4 p.m. on the same day. The right is reserved to accept or reject lowest or any tenders in part or full without assigning any reasons.

davp 645 (519) 81

CASH AWARDS FOR OUTSTANDING HINDI BOOKS ON COMMERCE

Original and standard works in Hindi on the subjects coming within the purview of this Ministry viz. International Trade and Export Promotion are invited as entries to the awards competition for the years 1980-81 and 1981-82. Books, whether in manuscript or published form, will be considered for two prizes. As this will be the first occasion for the award, books writtin upto 31st March, 1982 will also be entertained for consideration. Multi-author books will also be considered.

PRIZES : First — Rs 5,000 Second — Rs 2,500

HOW TO ENTER : Each entry must be accompanied by six copies of the book/MSS in a sealed and marked 'Confidential' cover addressed to the Secretary, Ministry of Commerce, Udyog Bhavan, New Delhi-110 011. Entries are to be submitted in the prescribed application form which can be had on demand.

Last date of receiving the entries is 30th April, 1982

This Ministrv's decision in respect of all matters relating to the award will be final and no correspondence will be entertained in this connection.

Ministry of Commerce — Government of India
Udyog Bhavan, New Delhi-110 001

davp 563(322)/8

fter the recent fall, linseed and l staged a useful recovery on a ed activity. Linseed bold improved s 15 to Rs 405 per 100 kg. and its y Rs 1.04 to Rs 101.92 per 10 kg.

akes ruled steady. Groundnut ller, de-oil and cottonseed remd at the previous rates of Rs 1,550, ,300 and Rs 1,400 respectively tonne . Castor, however, declined s 25 to Rs 675 per tonne.

nparative prices in rupees per tal of seeds and per 10 kg of

...	20-3-1982	13-3-1982
ut Karad		
l	530.00	535.00
ut oil	129.22	131.82
. Md. Sm.	296.00	294.00
. oil com.	66.25	64.75
. oil BSS	71.25	70.25
eed bold	405.00	390.00
eed oil	101.92	100.88

ins better

Bombay, March 22

steady to better trend featured s trading in the local market.

n cereals wheat ruled firm. The re pissi variety firmed up by Rs Rs 270-350 per quintal. The w of new crop wheat from Gujarat satisfactory. The Sonakalyan ty hardened by Rs 2 at Rs 195- er quintal. Flour mills were active rs.

ce ruled steady. Marketing of crop rice was in full swing. kists were offering at current . The Basmati variety was traded s 625 - Rs 725 per quintal and kolam at Rs 340-425 per quintal ing no change over the week.

coarse grains a steady trend iled. Supplies were comfortable. rs were reserved. Jowar was ed at last week's level of Rs 140- per quintal. Bajra ruled steady 150-225 per quintal, barley at 8-140 per quintal and maize at 5-190 per quintal.

mong pulses, gram dal ruled r owing to good demand. The w was limited. Prices firmed up 18 to Rs 360-365 per quintal. dal ruled steady at Rs 450-550 uintal. Moong (chumki) gained Rs 20 and touched Rs 390-400 per quintal due to limited arrivals. Masoor dal lost ground and was placed Rs 32 lower at Rs 365-370 per quintal. Urad (moglai) ruled steady at Rs 240 per quintal.

Sugar eases

Bombay, March 22

Sugar prices in the local market ruled easy due to lack of buying support from local dealers and bulk consumers. The price of C-30 grade sugar declined by Rs 3 to Rs 516-529 per quintal. Buyers were attracted to khandsari which was cheaper. The price of C-30 grade sugar on March 20, 1982 was lower by Rs 218 per quintal than the level on the corresponding date a year ago.

Khandsari prices ruled at Rs 440-515 per quintal on account of substantial demand from users.

The Union Government has decided to release a higher monthly levy sugar quota during the period April-October 1982 of 2.94 lakh tonnes as against 2.71 lakh tonnes at present.

Gold, silver decline

Bombay, March 22

A steady decline in the prices of both gold and silver marked the trading in the Bombay bullion market during the past week.

Standard mint gold opened at Rs 1,690 per 10 gms and declined to close at Rs 1,605 per 10 gms. Ready silver (.999 fineness) opened at Rs 2,680 per kg and fell to close at Rs 2,640 per kg.

Aggregate deposits decline

Bombay, March 22

Aggregate deposits of all scheduled commercial banks declined by Rs 7.73 crores to Rs 43,426.73 crores during the week ended March 12, 1982. Bank credit contracted by Rs 2.96 crores to Rs 29,687.57 crores. The balances of banks with the Reserve Bank of India (RBI) increased by Rs 134.06 crores to Rs 4,748.01 crores and their borrowings from the RBI increased by Rs 16.38 crores to Rs 785.19 crores.

FORM II – A

(See Rule 4A(1))

NOTICE

It is hereby notified for the information of the public that VIRANI FASTENERS & BOLTS PRIVATE LIMITED proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi, under sub-section (2) of section 22 of the Monopolies and Restrictive Trade Practices Act, 1969, for approval for the establishment of a new undertaking for the production, supply, distribution or control of 50,000 nos. p.a. Axle Shafts, 200,000 nos. p.a. Tie Rod Ends, 100,000 nos. p.a. Tie Rods and Drag Links and 100,000 nos. p.a. Propeller Shafts. Other particulars of the proposed new undertaking are as under:

i) Name of the proposed undertaking	: VIRANI FASTENERS & BOLTS P. LTD.	
ii) Name(s) of the person(s) or authority/authorities proposing to establish the new undertaking. Where it is a body corporate, furnish details of its management structure together with those of the proposed undertaking.	: Board of Directors: Narendra J Shah Niranjan J Shah Dr. J. N. Parekh Janak J Dalal Rajesh V Shah Dr. Anil Kane	 *Chairman & Managing Director.*
iii) Capital structure of the applicant person or authority and of the proposed undertaking	: SHARE CAPITAL	Rupees
	Authorised: 15,000 Equity Shares of Rs 100/- each	15,00,000 15,00,000
	Issued, Subscribed and Paid-up: 10,000 Equity Shares of Rs 100/- each fully paid	10,00,000 10,00,000
iv) Proposed location of the new undertaking	: Maharashtra	
v) Brief outline of the cost of the project, the scheme and source of finance.	: Total cost of the project is likely to be Rs 496.00 lakhs app. to be financed partly by raising share capital, partly internal accruals and partly from loans from financial institutions	

2. Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi within 14 days from the date of publication of this Notice, intimating his views on the proposal and indicating the nature of his interest therein.

For VIRANI FASTENERS & BOLTS P. LTD

S.R. MEHTA
Secretary

Dated this 18th day of March 1982

INDIAN ECONOMY : BASIC INDICATORS

By Commerce Research Bureau

WEEKLY INDICATORS

Wholesale Price Index (1970-71=100)

Group	During the week ended March 6, 1982	Feb. 27, 1982	Feb. 6, 1982	March 7, 1981	Percentage variation over Week	Month	Year	Two years
Manufactured products	259.2	259.1	261.6	263.1	—	−0.9	−1.5	10.9
Primary articles	261.0	263.1	264.9	251.0	−0.8	−1.5	4.0	19.3
Fuel, power, lubricants, etc.	437.7	437.5	437.5	400.3	—	—	9.3	44.2
All commodities	278.0	275.9	277.9	269.7	−0.3	−1.0	2.0	17.8

Money and Banking

(Rs crores)

	During the week ended March 12, 1982	March 5, 1982	Feb. 12, 1982	March 13, 1981	Percentage variation over Week	Month	Year	Two years
Money supply (M3) (b)	62,1579(a)	61,924(a)	61,525	54,595(a)	0.4	1.0	13.9	33.8
Bank credit	29,688	29,691	29,900	25,124	—	−0.7	18.2	38.6
Aggregate deposits	43,427	43,434	43,194	37,349	—	0.5	16.3	38.5
Foreign exchange reserves(a)	3,434	3,442	3,600	5,104	0.2	−4.6	−32.7	−41.2

MONTHLY INDICATORS

	Unit	Latest month Month	Amount/ Index	Previous month	Percentage variation over previous month	Recent trend (Per cent) (c)
Industrial production (crude index)	1970=100	Jan. 1982	173.3(a)	175.1(a)	−1.0	8.9
Electricity generation (public utilities)	Million kwh	Jan. 1982	10,708	10,915	−1.9	11.3
Exports	Rs crores	Nov. 1981	581	588	−1.2	5.5
Imports	Rs crores	Nov. 1981	1,111	805	38.0	3.0
Trade balance	Rs crores	Nov. 1981	−530	−217	—	—
Foreign exchange reserves (a)	Rs crores	Feb. 1982	3,522	4,016	−12.3	−19.7
Wholesale price index	1970-71=100	Feb. 1982	277.2	279.0	−0.6	9.6
Consumer price index for industrial workers	1960=100	Jan. 1982	459	460	−0.2	13.2
Unemployment (job-seekers on live register of employment exchanges)	Lakhs	Aug. 1981	171.6	170.1	0.9	9.6

ANNUAL INDICATORS

	Unit	1981-82 (CRB estimates)	1980-81	1975-76	1950-51	Percentage variation in 1980-81 over 1979-80	Annual rate of growth (%) between 1975-76 and 1980-81
Population	Crores	69.1	68.4(d)	60.4	35.8	3.2	2.2
Gross National Product (at market prices)	Rs crores	1,38,000	1,25,744	73,907	9,503	17.5	11.2
Per capita GNP (at market prices)	Rupees	1,997	1,855	1,224	265	14.9	8.7
Real national income (Index)	1970-71=100	144.1	137.9	117.1	48.9	7.7	3.3
Real per capita income (Index)	1970-71=100	112.6	109.9	104.9	73.6	5.3	0.9
Agricultural production (Index triennium ending)	1969-70=100	139.3	135.2	124.8	58.5	15.4	1.6
Foodgrains production	Million tonnes	135.0	130.0	121.0	55.0	18.2	1.4
Industrial production (Index)	1970=100	166.3	154.0	119.7(f)	26.5(f)	4.0	5.2
Fertiliser production (NPK in terms of nutrients)	Lakh tonnes	40.0	30.0	18.6	0.18	0.7	10.0
Electricity generation (public utilities)	Million kwh	124.9	110.8	79.2	5.3	5.9	6.9
Exports	Rs crores	...	6,709	4,043	601	3.9	10.6
Imports	Rs crores	...	12,484	5,265	650	38.4	18.6
Trade balance	Rs crores	...	−5,775	−1,222	−49	—	—
Foreign exchange reserves*	Rs crores	...	5,316	1,702	911	−6.8	25.6
Money supply (M3) (b)*	Rs crores	63,600	55,314	22,286	2,336	15.0	19.9
Bank credit*	Rs crores	...	25,270	10,877	547	17.3	18.
Aggregate deposits*	Rs crores	...	37,847	14,155	881	19.2	21.
Wholesale price index (average)	1970-71=100	282.3	257.0	173.0	47.5	10.0	8.
Consumer price index for industrial workers*	1960=100	...	420	286	...	12.6	8.
Unemployment (job-seekers on live register of employment exchanges)**	Lakhs	...	162	93	...	13.3	11.

Notes: (a) CRB estimates (b) Includes currency with the public, deposit money of the public and time deposits with banks. (c) Percentage chang during the current fiscal year up to the latest month indicated as compared with the corresponding period in the preceding year. (d) As o March 1, 1981 as revealed by 1981 Census. (e) Between 1971 Census and 1981 Census. (f) Figures relate to 1975 and 1950 respectively.

* Financial year-end data ** Calendar year-end data (—) = Nill or negligible (...) = Not available